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LEGISLATIVE COUNCIL SELECT COMMITTEE

Island Transport Services

FINAL REPORT

Members

Hon Ruth Forrest MLC
Hon Greg Hall MLC
Hon Paul Harriss MLC
Hon Tania Rattray MLC (Chair)

Secretaries: Dr Colin Huntly and Mr Tom Wise

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Executive Summary

Though each Island is unique in its own ways, the transport issues facing King Island and the Furneaux Group bear a similar resemblance. Residents of King and Flinders Islands are concerned that with existing transport options being too limited and too expensive, people will choose or be compelled to live elsewhere and businesses would close down. With incremental population shrinkage, there is a fear that transport operators would reduce services proportionately as a consequence of inadequate demand which, at worst, could threaten the viability of the communities. Bruny Island's transport issues, by contrast, arise from demand exceeding the capacity of the ferry service during the summer months and at weekends, with locals and tourists enduring lengthy delays.

There were six main issues arising in submissions and evidence to the Committee relating to the Bass Strait islands:

- Reducing the high cost of moving freight, vehicles and passengers to and from the islands and improving the reliability and timeliness of existing services;
- The adequacy of current port facilities to meet future freight and transport demands, including replacement vessels;
- Security and reliability of services, including contingency plans;
- The management of seaport and airport assets and infrastructure, as well as nearby facilities for storage and handling, and strategic planning for future needs;
- Logistical issues surrounding the movement of refrigerated and frozen goods; and
- Considering whether encouraging more tourists (and permitting the associated development) is an appropriate way to increase the volume of freight and passenger movements to generate demand to justify expanded and more frequent transport services.

One important point of difference is that from April 2001 the shipping service to King Island has been provided on a fully commercial basis, whereas in the case of Flinders Island, the State Government continued to subsidise the shipping service.¹

The Southern Shipping Company (SSC) was being paid a service fee of \$239,000 per annum (CPI adjusted) from the State Government to service Flinders Island and Cape Barren Island.²

¹ DIER, submission, p. 2

² DIER, submission, p. 4

The SSC, however, has since ceased operating. A new operator has begun servicing the Furneaux Group, with a subsidy only for the Cape Barren Island service.

King Islanders are presently facing uncertainty with the pending replacement of the *Searoad Mersey* due to the possibility it will be replaced by a vessel too large for existing port facilities to handle.

Air services to both Islands are provided on a commercial basis³ and were subject to a mixture of praise and criticism in submissions and evidence, largely pertaining to matters of costs, frequency, reliability of service and timing.

In the case of Bruny Island, being proximate to Hobart and less isolated than King Island and the Furneaux Group and a popular tourist and recreational destination, the problem has been that the ferry service is experiencing demand in excess of capacity during peak periods and travellers can face unreasonably lengthy queues. However, this demand only peaks at certain times: viewed as an average, demand does not exceed the current ferry's theoretical capacity.

Nevertheless, the point was strongly made to the Committee that an additional vehicle ferry should operate during the high season from November to Easter. There was some concern that adding a second vehicle ferry might bring too many tourists to the Island and generate excessive development.

An alternative option put forward was the introduction of a ferry from Hobart carrying only pedestrian passengers, both tourists and commuters, to ease pressure on the vehicle ferry. As an interim solution, some submissions and witnesses suggested introducing a hierarchy for priority boarding, giving locals precedence over tourists.

Hon. Tania Rattray MLC
CHAIR

25 February 2011

³ DIER, submission, p. 3 and p. 6

Findings and Recommendations

Bruny Island:

Findings

The Committee finds that:

1. The current transport arrangements are not meeting the demand in peak times.
2. The population of Bruny Island swells from around 600 to 4,500 in the holiday peak periods.
3. The inadequacy of the current service is having a negative impact on tourism, population growth and economic development on the island.
4. Primary producers are experiencing challenges when transporting stock and time sensitive produce to and from the island.
5. Hobart CBD would be well placed to receive and dispatch foot traffic to Bruny Island, particularly during peak periods.
6. Public amenities at Roberts Point are inadequate and the operating times of the kiosk are inconsistent.

Recommendations

The Committee recommends that:

1. The State Government assess levels of service need and explore the options for an additional ferry during peak times.
2. The State Government work with Bruny Island stakeholder groups and the Kingborough Council to urgently upgrade infrastructure and public amenities at Roberts Point.

King Island:

Findings

The Committee finds that:

1. The King Island Ports Corporation (KIPC), is a wholly owned subsidiary company of TasPorts.
2. TasPorts has recently stated that there is an intention to subsume KIPC into TasPorts.
3. The King Island Council has expressed an interest in developing a partnership arrangement between Council and the State Government to own and operate the King Island Port.
4. A previous Minister for Infrastructure, the Hon Graeme Sturges, was amenable to a partnership arrangement with the Council however, following the March 2010 election, the Hon Lara Giddings was appointed Minister for Infrastructure and she ruled this out.
5. A regular and reliable shipping service with adequate capacity is essential to the future of King Island, particularly for the provision of almost all essential items for residents and for the export of the island's valuable agricultural produce.
6. Disruptions to the weekly service to King Island have resulted in the loss of significant amounts of local produce, especially perishable items being shipped to and off the Island.
7. The current vessel, *Searoad Mersey*, is actually slightly larger than maximum 100-metre vessel limit and is not always able to successfully dock at Grassy due to weather conditions.
8. The *Searoad Mersey* that currently operates on the King Island route is due to be replaced in the next two to three years.
9. It has been suggested that the replacement vessel may be even larger than the *Searoad Mersey*, resulting in a ship too large to dock at the Grassy Port.
10. Freight costs between the Tasmanian mainland and King Island are significantly more costly than freight costs between Victoria and King Island as a result of the application of Tasmanian Freight Equalisation Scheme (TFES).
11. Additional security requirements pursuant to the *Maritime Transport and Offshore Facilities Security Act* (Commonwealth) at King Island

Port have added significant costs to port operations that have been passed on to port users increasing freight costs.

12. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), does not apply between King Island and the Tasmanian mainland though does apply between King Island and Victoria resulting in costs eight times higher to transport a vehicle to the Tasmanian mainland from King Island.

Recommendations

The Committee recommends that:

1. The State Government, as owner of the King Island Port through TasPorts, partially divest control of the Port and share its ownership and operation with the King Island Council through a partnership arrangement.
2. State Government consult with the shipping operator of shipping services to King Island regarding the planned replacement of the *Searoad Mersey*, to ensure a reliable, regular and adequate shipping service is maintained without any interruption to service.
3. State Government seek funding support from the Australian Government to facilitate necessary port upgrades at the King Island Grassy Port to ensure future shipping needs and services can be accommodated within an all-weather port.
4. TasPorts or any future owner/operator of the King Island Port consider cost effective means of ensuring appropriate security measures at the port can be met without additional costs being imposed on port users that may threaten the ongoing viability of the port or its users.
5. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) be applied to the shipping of motor vehicles between King Island and the Tasmanian mainland.

The Furneaux Group of Islands:

Findings

The Committee finds that:

1. The Flinders Island Port is managed by TasPorts which provides and maintains the Port infrastructure and issues licences to commercial operators to use the infrastructure.
2. TasPorts has no role in the port facilities at Bridport or on Cape Barren Island.
3. Since the establishment of this Legislative Council Select Committee the State Government has allocated \$1.6 million for port infrastructure upgrades at Lady Barron to be carried out over an 18-24 month period.
4. Bridport Port is a tidal port which presents challenges to maintaining consistent and timely services to the Furneaux Group.
5. Storage options are limited and generally inadequate at Lady Barron for goods shipped to and from Flinders Island.
6. Shipping services to the Furneaux Group have improved significantly since the demise of the Southern Shipping Company with two commercial operators providing regular services.
7. Freight costs between the Tasmanian mainland and Flinders Island are significantly more than freight costs between Victoria and Flinders Island. These costs are impacting negatively on businesses based on Flinders Island.
8. Marine and Safety Tasmania (MAST) has limited authority to enforce vessel safety compliance across Tasmania with relatively low penalty units.
9. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), does not apply between the Furneaux Group and the Tasmanian mainland although it does apply between the Furneaux Group and Victoria, resulting in higher costs to transport a vehicle to the Tasmanian mainland from the Furneaux Islands.
10. Flinders Council and the State Government have formalised a commercial agreement since the demise of Southern Shipping with a safety net arrangement as an emergency provision.
11. Cape Barren Island will continue to have a subsidised service to meet the needs of the community.

Recommendations

The Committee recommends that:

1. The State Government work with the Flinders Council and the Furneaux Group communities to ensure the provision of a reliable and sustainable transport service to support the residents and businesses on the islands.
2. TasPorts work co-operatively with the State Government and Flinders Island community to assess the ongoing maintenance and upgrade requirements of the infrastructure at Lady Barron to ensure adequate and appropriate facilities are available for goods and stock, as well as a passenger service in the longer term.
3. MAST be provided with additional authority to enforce vessel safety compliance and increased penalties to be imposed for non-compliance.
4. MAST work with the State Government and operators of the Bridport Port to develop the port and enhance the area to provide a more efficient and reliable facility to meet the current and future needs of the Furneaux Group communities and the shipping service providers.
5. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) be applied to the shipping of motor vehicles between the Furneaux Group and the Tasmanian mainland.

Introduction

Appointment and Terms of Reference – 46th Parliament

The Legislative Council Select Committee on Island Transport Services (“the Committee”) was appointed on 10 June 2009, with power to send for persons and papers, and with leave to adjourn from place to place to inquire into and report upon transport services to King Island, the Furneaux Group and Bruny Island, with particular reference to –

1. The adequacy of existing transport arrangements;
2. The impact of existing transport service arrangements including the associated infrastructure on the community, business and industry;
3. The identification of strategies and options to enhance the level of service; and
4. Any other matters incidental thereto.

The Council appointed Ms *Forrest*, Mr *Hall*, Mr *Harriss* and Ms *Ratray* (Chair) to serve on the Committee.

On 12 February 2010 His Excellency the Governor prorogued the Houses of Parliament and dissolved the House of Assembly in order for a general election of the House of Assembly to take place. Prorogation, which has the effect of suspending all parliamentary proceedings, *ipso facto* caused the Committee’s Terms of Reference to expire.

Appointment and Terms of Reference – 47th Parliament

On 31 August 2010, the Legislative Council resolved that the Committee be reappointed, and that the membership of the Committee and its Terms of Reference be those agreed to in the Second Session of the Forty-Sixth Parliament and that the minutes of proceedings of, and evidence received by that Committee be referred to the Committee. The same Members were appointed to serve on the Committee and Ms *Ratray* was re-elected Chair.

Reasons for Establishing the Committee

Ms *Ratray* said that the main issue for King Island and Flinders Island is the significant cost of transport services and, as a consequence of this, the effect on the farming industry. She added:

“...Inadequate transport and shipping services... has the capacity to impact on every aspect of a community’s livelihood and wellbeing,

including the transport of basic goods. I am talking about milk and bread and fruit and vegetables, the very basic things.”

In relation to Bruny Island, Ms *Rattray* said there is “concern around the adequacy and capacity of the Bruny Island ferry service at peak times” and an unresolved debate surrounding the most appropriate course of action for the future.

She also stated:

“In my mind a thorough inquiry is required to seek contribution from local councils governing these islands, the farming industry, community residents, shipping operators, government and TasPorts, suppliers and visitors to the island to provide a further insight and possible solutions to the issues surrounding the adequacy, sustainability and capacity of the current transport service arrangements for the Furneaux Group, Bruny Island and King Island. ...An inquiry to address the issues as outlined in the terms of reference could and should deliver a report with recommendations to assist the island communities, identify areas of need, and deliver to the Government a clear direction for consideration and future funding for the adequate needs of these significant island communities in the Tasmanian landscape.”⁴

Proceedings

Advertisements were placed in the three Tasmanian daily newspapers on 20 June 2009 and in the *King Island Courier*, the *Bruny Island News* and the *Flinders Island News* at the next available publication date, calling for submissions with a closing date for submissions on 24 July 2009.

The Committee received 44 submissions and requests to give evidence. Public hearings were held on Bruny Island in October 2009, on King Island and Flinders Island in November 2009 and in Hobart in October 2009, February 2010 and October 2010. A total of 47 witnesses gave evidence. Details of submissions received, witnesses and Minutes of Proceedings can be found in the appendices to this report.

Discussion Paper

The Committee also released a public Discussion Paper relating to the minimum service level agreement between the Transport Commissioner and Mr Geoffrey Gabriel of Southern Shipping Pty Ltd on 22 October 2009. One submission was received in response to the Discussion Paper.

⁴ Legislative Council *Hansard*, 10 June 2009

Background Information

Shipping services to King Island and Flinders Island have been subject to a number of consultant reports. These reports contain information and data on the geography, demography, community and business profiles, import-export trends and estimates relating to the two islands. The body of this report is largely a narrative of evidence provided to this Committee and readers seeking background information should refer to the appendices where selected portions of the consultant reports have been reproduced.

A section of a DIER policy statement, which provides a short history of the situation relating to Flinders Island shipping in late-2009, is also included.

Chapter 1

BRUNY ISLAND

A roll-on, roll-off vehicle ferry presently services Bruny Island between Kettering and Roberts Point at the north-western side of the island. Unlike King Island and Flinders Island, Bruny Island is relatively less isolated and is also proximate to Hobart. In the main, viewpoints presented to the Committee praised the shipping service as one that is well functioning and reliable though becomes overwhelmed during the peak season from around November to Easter when demand often exceeds its carrying capacity.

Bruny Island has a permanent population of around 600 people, however this seasonally peaks at approximately 4,500 people,⁵ creating vastly different levels of demand for the ferry service at certain times.

Shipping Services

The foremost issue is the capacity of the ferry during peak periods of demand. As summarised by the submission from the Bruny Island Community Association Inc:

“The challenge to the current transport arrangement is not in meeting the year round average load, but meeting the demand in the peak November to April period and in particular over the Christmas/New Year and Easter breaks and every long weekend throughout the year. A simple average based on the number of vehicles/trips indicates a load factor of around 39%, while a fact, the measure is a totally inappropriate measure of the demand for access to Bruny Island and adequacy of the existing ferry service. ... At times these problems are dramatic with queues during the peak season which stretch up to 800m and which may take 3 ferry loads to clear [at Kettering].

...

[At Roberts Point] During peak periods the queue can extend 1.5km... There have been examples in peak periods where it has taken 4 loads to clear the backlog of people wishing to travel off the island. This equates to a wait of over three hours at best.”⁶

In its submission, the Bruny Island Ferry Company Pty Ltd confirmed that:

“During the course of the year we have periods where, at the Master’s discretion, timetables are dispensed with and the *Mirambeena* runs continuously to cope with traffic volumes.”⁷

As a consequence, the length of queues is most likely deterring tourists from accessing Bruny Island and the community is losing potential business.

⁵ Bruny Island Community Association Inc, submission, p. 3

⁶ Bruny Island Community Association Inc, submission, pp. 4-5

⁷ Bruny Island Ferry Company Pty Ltd, submission, p. 2

Tourism operators are nervous about investing in their businesses until the vehicle ferry service is enhanced. The Kingborough Council submitted:

“Tourism operators are reporting an increase in the number of pre-bookings not honouring their bookings resulting in the loss of business. It has been suggested that this is largely associated with the inadequacies of the ferry service with tourists not prepared to wait for 1 to 2 hours in the boarding queue.”⁸

Bruny Tourism Inc submitted that in its view, an additional vehicle ferry could alleviate “time delays and loss of visitation to our island.”⁹ Mr Bill Hughes (Bruny Island Advisory Group) also supported this proposition:

“The inadequacy of the existing service is having a negative effect on growth on the island in terms of people buying properties down here for holiday shacks or to live. They are not doing it. They can’t because of that bottleneck there. ... It is virtually at capacity now and for Bruny to take the next step and develop its tourism and other industry capacities, it just needs another ferry.”¹⁰

However, the notion of developing and expanding tourism was not universally supported in evidence to the Committee. Mr Roger Tonge submitted:

“Many of the people who propose an enhanced ferry service forget that they are on an island. They are beginning to demand a level of access that would make the Island no different to any other suburb. We do not want that. It is of paramount importance that the intrinsic nature of Bruny be maintained. Its peace, beauty and relative isolation are what make Bruny a special place.”¹¹

Aside from the problems that delays at the ferry terminal can cause for tourists, the consequence of delays for residents is that personal, business or medical appointments are sometimes forfeited.¹² Additionally, primary producers are having difficulty moving stock and time-sensitive produce from the Island, as the high-demand summer period coincides with fruit harvesting and moving livestock to market.¹³

The Kingborough Council submitted that its preferred option is for an additional ferry to supplement the existing service during peak periods as well as making necessary modifications to marshalling areas at Kettering and Roberts Point.¹⁴ The Bruny Island Primary Industry Group recommended similar options in its submission,¹⁵ as did the Bruny Island Community Association Inc¹⁶ and the Bruny Island Tourism Association.¹⁷

⁸ Kingborough Council, submission, p. 2

⁹ Bruny Tourism Inc, submission, p. 2

¹⁰ Hughes, transcript of evidence, 1 October 2009, p. 37

¹¹ Tonge, submission, p. 2

¹² Friends of North Bruny Inc, submission, p. 1

¹³ Bruny Island Primary Industry Group, submission, p. 4

¹⁴ Kingborough Council, submission, p. 4

¹⁵ Bruny Island Primary Industry Group, submission, p. 13

¹⁶ Bruny Island Community Association Inc, submission, p. 9

DIER's submission seemed to downplay the need for a second ferry and acknowledged queuing would continue:

"While usage is likely to remain well below overall capacity limits and therefore provides no basis for a second vessel, in the absence of demand management, queuing is likely to remain a feature of the service during peak periods."¹⁸

The North Bruny Community Centre proposed the introduction of a pedestrian ferry service between Hobart and Bruny Island, which they believed would be an attractive option to commuters, students and tourists, thereby relieving pressure on the vehicle ferry, particularly during peak periods.¹⁹ The idea received tentative support from other stakeholders:²⁰ Mr Keith Bill, for example, said it was a "good idea" if enough people were likely to utilise it. He added though that Dennes Point could be subject to poor weather and that assessing infrastructure requirements would be dependent on the size and weight of the ferry employed.²¹

In the meantime, while the question of an additional ferry remains unresolved, some witnesses and submissions argued that a system should be introduced to give residents, freight vehicles and service vehicles priority to embark the ferry ahead of other travellers.²² Ms Una Hobday said:

"On a summer morning on the 7 o'clock ferry there will be an oyster truck and a log truck, and some farmers taking sheep off, and they have to have priority because that is what the island lives off."²³

On the other hand, the Committee was told there were alternative views on this question. Mr Bill Hughes said:

"There are two schools of opinion on the island regarding priority use of the ferry. One school is mainly older retired people who don't have time constraints so much and don't have to work. They can say we will catch a later ferry and they don't see any need for a priority but people who do have to be at the ferry at a certain time can see the need for priority."²⁴

In evidence, Mr Keith Bill agreed in response to questioning that residents' concerns about prioritisation depended upon their own circumstances. He added that in any event, "that cannot happen until the infrastructure changes"²⁵ to create separate spaces for priority and non-priority traffic.

¹⁷ Woolley, transcript of evidence, 1 October 2009, p. 14

¹⁸ DIER, submission, p. 7

¹⁹ North Bruny Community Centre Committee of Management, submission, p. 1; Schmidt and Hobday, transcript of evidence, 1 October 2009, pp. 1-3

²⁰ Barwick and Reardon, transcript of evidence, 1 October 2009, p. 24

²¹ Bill, transcript of evidence, 1 October 2009, p. 57

²² Hughes, submission, p. 5; Tonge, submission, p. 2

²³ Schmidt and Hobday, transcript of evidence, 1 October 2009, p. 9

²⁴ Hughes, transcript of evidence, 1 October 2009, p. 41

²⁵ Bill, transcript of evidence, 1 October 2009, p. 45

An issue related to the ferry service brought to the Committee's attention was the standard of amenities for travellers waiting to board the ferry. The Bruny Island Primary Industry Group's submission stated:

"Public toilet facilities at Roberts Point are also limited, only being opened by the ferry operator. Their design is no longer considered attractive, hygienic and easy to be kept clean. A kiosk exists to meet tourist demand, but at present is temporarily closed."²⁶

In response to issues surrounding the Bruny Island ferry service, Mr Norm McIlfatrick (Secretary, DIER) said:

"Getting another vessel would fix the peak-time problem but double the cost of the service for the rest of the time. I know there have been times when they've looked at bringing short-term vessels into play for maintenance but we haven't considered an additional vessel on the route. ... Then it comes down to whether the infrastructure is able to assist in that. That's been the community's concern; that even if the vessel is running continuously the line-ups and the cars... do cause queuing and are potentially a long way from facilities."²⁷

Mr Bill Hughes (Bruny Island Advisory Group) said a small levy – \$2 to \$5 per head – could be imposed as a means of raising some revenue to fund infrastructure upgrades, such as a new toilet block.²⁸ In his evidence, he also alluded to the fact that Bruny Island is "competing with the rest of the 32,000 people in Kingborough" and unlike King Island and Flinders Island, "we do not have our own council."²⁹

The Committee was also informed that erosion at the Neck, an isthmus connecting the north and south of Bruny Island might sever the landmasses and create two islands.³⁰ This, in turn, could give rise in the future for a need to have a ferry service to the south, such as at Alonnah.

Air Services

Although the Island has an airstrip, there is not a passenger air service and flights usually take place on an ad hoc basis for training, private travel and emergencies. The airstrip also lacks amenities and infrastructure, and, as described by the Bruny Island Community Association Inc, is an "underutilised asset" not practical for use by visitors in its current condition.³¹

²⁶ Bruny Island Primary Industry Group, submission, p. 5

²⁷ McIlfatrick and Peters, transcript of evidence, 11 October 2010, p. 27

²⁸ Hughes, transcript of evidence, 1 October 2009, p. 40

²⁹ Bill, transcript of evidence, 1 October 2009, p. 55

³⁰ Hughes, transcript of evidence, 1 October 2009, p. 40

³¹ Bruny Island Community Association Inc, submission, p. 6

Mr Keith Bill said the landing strip should be upgraded, perhaps funded through the Kingborough Council introducing a landing fee or some form of honour system.³²

Findings

The Committee finds that:

1. The current transport arrangements are not meeting the demand in peak times.
2. The population of Bruny Island swells from around 600 to 4,500 in the holiday peak periods.
3. The inadequacy of the current service is having a negative impact on tourism, population growth and economic development on the island.
4. Primary producers are experiencing challenges when transporting stock and time sensitive produce to and from the island.
5. Hobart CBD would be well placed to receive and dispatch foot traffic to Bruny Island, particularly during peak periods.
6. Public amenities at Roberts Point are inadequate and the operating times of the kiosk are inconsistent.

Recommendations

The Committee recommends that:

1. The State Government assess levels of service need and explore the options for an additional ferry during peak times.
2. The State Government work with Bruny Island stakeholder groups and the Kingborough Council to urgently upgrade infrastructure and public amenities at Roberts Point.

³² Bill, transcript of evidence, 1 October 2009, p. 49-50

Chapter 2

KING ISLAND

The King Island Council observed in its submission that, fundamentally, sea and air transport services to the Island “are all provided on a commercial basis and as such... are subject to market conditions”.³³ The Council expressed concern to the Committee that this situation “leaves the community vulnerable to decisions made purely for business reasons.”³⁴

Aside from immediate transport issues the size of its population is a long-term issue facing the Island. The King Island Shipping Group expressed concern that “it’s going to get to the stage where our volume through exports and our population are going to put our shipping and air services at risk”.³⁵ The island’s population is currently around 1,600.

Shipping Services

The major problem affecting businesses and the community is the relatively high monetary cost of importing and exporting goods to and from King Island.³⁶

For example, according to the King Island Shipping Group, the final cost of shipping one container of fertiliser from Melbourne to King Island is \$2,272 whereas the same container could be shipped from Melbourne to Devonport for \$933.³⁷ In another example, the Committee was told that a box trailer sent on a ship from Melbourne to Devonport would cost \$300, yet the same trailer on the same ship – which sails via King Island on its route – costs \$800.³⁸ Michele Mathers, a King Island supermarket operator, submitted that shipping frozen food to the Island is logistically difficult and expensive. She added that there is a risk of frozen stock spoiling whilst awaiting loading at the dock or airport and that “it is nigh on impossible to get ice cream here in a frozen state.”³⁹

Shippers also informed the Committee that the high costs of security measures at King Island Port, required pursuant to the *Maritime Transport and Offshore Facilities Security Act* (Cth), is being recovered by the port operator as a component of the price per container. With one sailing per week from the port, this has become a high cost for end-users to absorb.⁴⁰ Flinders Island, however, is not subject to the same security requirements.⁴¹

³³ King Island Council, submission, p. 3

³⁴ King Island Council, submission, p. 4

³⁵ Morris *et al*, transcript of evidence, 3 November 2009, p. 19

³⁶ TFGA, King Island submission, p. 3

³⁷ King Island Shipping Group, submission, p. 3

³⁸ Arnold, transcript of evidence, 3 November 2009, pp. 58-59

³⁹ Mathers, submission

⁴⁰ King Island Shipping Committee, submission, p. 2

⁴¹ Weedon, transcript of evidence, 11 October 2010, p. 9

In its submission, the King Island Shipping Committee stated that Sunday sailings, as well as having an impact on the social life of the community, are unnecessarily adding costs due to the associated preparations occurring on weekends with higher wages being payable on a Sunday.⁴²

One witness said he felt that Victoria provides more benefits to King Island than Tasmania. Mr Ken Chapman said:

“People are starting to wonder whether they should move off the island now. They’re not doing it yet but the thought is there. Because we are isolated, we are totally dependent and yet we just don’t feel that we’re given a fair go by people like Australia Post, the State Government, anyone – especially from Tasmania. We get a much better deal from Victoria than we do from Tasmania, our own State. That has nothing to do with freight equalisation; it’s just straight-out commercial reality.”⁴³

One witness was of the view that in essence the shipping route between King Island and the Tasmanian mainland is monopolised by one company and residents are being extorted.⁴⁴

The Australian Government’s Tasmanian Freight Equalisation Scheme (TFES) subsidy provides some cost alleviation. The TFES provides uncapped rebates to shippers moving eligible non-bulked goods between mainland Australia and the Tasmanian mainland including the Bass Strait islands to equalise the disadvantage caused by not having the option of transporting goods by road or rail. According to the TFGA’s submission, the TFES is providing “some cost relief” but is being eroded by “the ever escalating costs of fuel surcharges, freight consolidation, empty returns and wharfage”.⁴⁵ Certain goods not covered by the TFES can incur substantial shipping costs. In particular, the TFES does not include fuel and supplies for farming. Mr Gregory Morris told the Committee:

“There is very little – fence-posts are about all I can claim in my business basically, so really as far as assisting my business, without fuel, machinery inputs, all those things, I can’t see a level playing-field.”⁴⁶

Additionally, the cost disparity is exacerbated due to the necessity of returning empty shipping containers (‘empty returns’) from King Island to their origin.⁴⁷ If a loaded container is imported to King Island it may be covered by the TFES, though when the container is returned empty, no TFES subsidy applies and the cost has to be added into the overall cost of the shipment.⁴⁸

⁴² King Island Shipping Committee, submission, p. 4

⁴³ Kininmonth and Chapman, transcript of evidence, 3 November 2009, p. 43

⁴⁴ Morris *et al*, transcript of evidence, 3 November 2009, p. 14 and p. 17

⁴⁵ TFGA, King Island submission, p. 3

⁴⁶ Morris *et al*, transcript of evidence, 3 November 2009, p. 13

⁴⁷ Morris *et al*, transcript of evidence, 3 November 2009, p. 11

⁴⁸ Arnold, transcript of evidence, 3 November 2009, p. 65

Another subsidy, the Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), similarly does not apply between King Island and the Tasmanian mainland though does apply between King Island and Victoria. As a result, the cost of taking a small car from King Island to Melbourne is \$52.47 after the subsidy is applied, whereas taking the same car from King Island to Devonport costs \$415.47.⁴⁹ The TFGA suggested that the same subsidy applicable between King Island and Victoria should be available for shipping motor vehicles between King Island and the Tasmanian mainland.⁵⁰ Mr Daryl Fanning said that as a result of this situation, King Islanders are tending to send their cars to the Tasmanian mainland via Melbourne:

“...A lot of people here will now send their car over to Melbourne, fly to Melbourne and get their car, put it on the *Spirit* and then go across to Tassie. ... That’s quite common. That way you get a little bit of shopping in Melbourne, your fortnight’s holiday in Tassie and another few days’ shopping in Melbourne again and then put your car back on the boat.”⁵¹

As well as cost, concern was expressed that an interruption to the Island’s shipping service is a point of vulnerability for businesses and the community. According to National Foods Ltd, its cheese manufacturing operations (which employs 150 people and purchases 95% of milk produced on the island) may not be viable if sea transport becomes unreliable. If the ship is prevented from docking, “considerably more costs are incurred using air transport... and at times product has to be wasted due to its reduced shelf life,” its submission stated.⁵² National Foods Ltd submitted that “without a more proactive approach from the Tasmanian Government” to secure shipping services:

“NFL will eventually have no choice but to re-examine alternative mainland manufacturing opportunities and so limit K[ing] I[sland] manufacturing to only products that can be sold in niche markets that can support the additional costs that will be incurred.”⁵³

The King Island Shipping Committee submitted:

“A disruption to the Searoad Shipping service of more than one week without notification or planning has the potential to cripple the Island’s industries... In a recent missed sailing event due to bad weather, the local supermarket’s shelves were beginning to empty by the end of the following week. ... King Island also relies heavily on diesel fuel for power generation and any disruption to the service impacts heavily on the Island’s ability to operate as normal including essential services such as the hospital.”⁵⁴

⁴⁹ Fanning, submission, p. 3

⁵⁰ TFGA, King Island submission, p. 3

⁵¹ Fanning, transcript of evidence, 3 November 2009, p. 34

⁵² National Foods Ltd, submission, p. 2

⁵³ National Foods Ltd, submission, p. 3

⁵⁴ King Island Shipping Committee, submission, p. 1

In its submission, the King Island Council described the present shipping service, principally provided by Searoad Shipping, as being reliable and secure. The submission hastened to add, however:

“The current harbour configuration [at Grassy] cannot support vessels in size greater than the *Searoad Mersey* and with the likelihood that a replacement vessel will be larger, the security of service provided by Searoad Shipping is uncertain.”⁵⁵

The King Island Shipping Committee’s submission foreshadowed that there is “a very strong risk that a time gap will exist” between the wharf re-development and the new vessel commencing service.⁵⁶ Mr Christopher Crouch (King Island Shipping Group) explained:

“My knowledge is that the wharf at the moment is registered for or rated at 100 metres; the 119-metre *Searoad Mersey* is being allowed to dock there and the future boats just will not fit. Looking forward from the King Island point of view, where do we go and what happens? I cannot see the Government coming up with the money for new port infrastructure. Even if they do... it is not going to happen quickly enough.”⁵⁷

Mr Paul Weedon (CEO, TasPorts) said it cannot make decisions “whilst the operator continues to vacillate”.⁵⁸

The King Island Council suggested that one option is for the Council and State Government to own and operate the King Island Port with dividends being returned to the community.⁵⁹ The King Island Ports Corporation (KIPC), a wholly owned subsidiary company of TasPorts, currently operates Grassy Port, the principal centre of port operations on the Island.⁶⁰

King Island Mayor Charles Arnold stated that he has been in discussion with the State Government over the last two to three years regarding other models for ownership and operation of King Island Ports, with a view to more involvement of the community and local decision-making.⁶¹

Mr Arnold stated that prior to the March 2010 election, King Island Council had had “very fruitful discussions” with the then-Minister for Infrastructure, Hon Graeme Sturges MP, regarding the proposal for a change in ownership and operation of the port.⁶² After the election, when Hon Lara Giddings MP became Minister for Infrastructure, Mr Arnold said these discussions had reached “freezing point”.⁶³

⁵⁵ King Island Council, submission, p. 2

⁵⁶ King Island Shipping Committee, submission, p. 3

⁵⁷ Morris *et al*, transcript of evidence, 3 November 2009, p. 10

⁵⁸ Weedon, transcript of evidence, 11 October 2010, p. 7

⁵⁹ King Island Council, submission, p. 4

⁶⁰ TasPorts, submission, p. 3

⁶¹ Arnold *et al*, transcript of evidence, 11 October 2010, pp. 36-37

⁶² Arnold *et al*, transcript of evidence, 11 October 2010, p. 37

⁶³ Arnold *et al*, transcript of evidence, 11 October 2010, p. 37

Mr Weedon categorically ruled out a change of ownership of King Island Ports, when asked about the future of the ownership arrangements, stating that TasPorts will retain the ownership of the King Island Ports Corporation.⁶⁴

Mr Arnold expanded on the King Island Council's proposition for a change of ownership and operation and explained the rationale for this proposition to the Committee:

“...You have a situation on the island where basically TasPorts own all the shares in the King Island Port Authority Corporation and they have a system of user-pays. So they're basically running the whole of what you see down there purely out of the profitability out of the goods and servicing transport facilities for the island. So every person on the island is basically being penalised because of this user-pays system.”⁶⁵

He continued:

“There is a principle, as I understand it, that there is profit made, struck as a result of funding or profit, that comes back out of that business, and TasPorts takes at least 50 per cent of that, even higher, back into their coffers. King Island Ports Corporation retain a certain amount of money but has to borrow moneys from the entity of TasPorts and basically pay that back at a commercial rate. So you have a situation where all those profits, which should be going back into depreciation and renewability of assets and infrastructure – as the Government quite openly tells local government they should be doing and if we don't do it we're not sustainable – they are bleeding that back through TasPorts and the Treasury and the infrastructure on the island is just dying. ...

My submission was basically that the Government and the community act in unison with a share each and that the Government agree that, for a period of time until they catch up with the shortfall of their diligence in the past, all profitability be reverted back into the business centre of the King Island Ports Authority and that also the tax liability, which is only representative tax liability for the business centres for the Government, be also returned, similar to the agreement that has been struck with regard to the water and sewerage corporations.”⁶⁶

TasPorts CEO Paul Weedon told the Committee:

“Essentially, what we try to do is prioritise sufficiency of funding for projects that are known – development projects on the island... to serve the King Island community and the imports and exports from the island. So there is not a significant flow of funds from King Island Ports Corporation to TasPorts. At this stage, we have a dividend policy, which is consistent with the Government's policy for all State-owned corporations, which is 50 per cent of whatever profit there might be. On the King Island operations it comes to TasPorts and it flows through TasPorts to the State Government. The other part of the profit is retained

⁶⁴ Weedon, transcript of evidence, 11 October 2010, p. 7

⁶⁵ Arnold *et al* transcript of evidence, 3 November 2009, p. 58

⁶⁶ Arnold *et al* transcript of evidence, 3 November 2009, p. 58

in King Island Ports Corporation as an entity for its normal funding and investment needs.”⁶⁷

The future of the King Island Port has been the subject of a consultant report to investigate the feasibility of expanding Grassy Port on King Island. In summary that report found:

“The estimated full development cost of the redevelopment of Grassy Port has been estimated at \$39.6 million (excluding GST). Port investment is scheduled over a five (5)-year period, beginning in June 2009. Final completion is forecast by June 2013. The major component is the construction of the new breakwater (\$24.7 million). Without the reopening of the scheelite mine and the generation of ‘waste’ rock from the mine, the cost of development of the new breakwater may be an additional \$15 million.”⁶⁸

The scheelite mine has not yet recommenced operations and it remains uncertain as to whether or when this will occur. Recent announcements regarding this mining operation suggest that if and when the operations recommence, it is most likely to proceed with underground rather than open-cut operations. This will reduce the amount of any overburden that may be available for breakwater construction.

The Committee also notes that TasPorts intends to expend \$500,000 to improve facilities at Currie.⁶⁹

Air Services

The King Island Council described air services to the Island as “secure” but not without problems. In particular, the Council noted the affordability of flights to the community is a concern and that recent changes to the Burnie-King Island service have created issues for students and people with medical appointments.⁷⁰ In addition, there is not a direct air service between King Island and Launceston.

⁶⁷ Weedon, transcript of evidence, 11 October 2010, p. 11

⁶⁸ GHD/King Island Council/King Island Ports Corporation, ‘Report for King Island Port Feasibility Study’, December 2008, p. ii

⁶⁹ Weedon, transcript of evidence, 11 October 2010, p. 5

⁷⁰ King Island Council, submission, p. 3

King Island Airfares: Price Estimates		
King Island Airlines		
King Island to Melbourne (Moorabbin)	KG711 depart King Island 0900 arrive Melbourne 1000	\$160 adult
Melbourne to King Island	KG 714 depart Melbourne 1530 arrive King Island	\$173 adult
King Island to Moorabbin return:		\$333
Regional Express		
King Island to Melbourne (Tullamarine)	ZL3872 depart King Island 1310 arrive Melbourne 1405	\$180.95 "Rex Saver"
Melbourne to King Island	ZL3871 depart Melbourne 1155 arrive King Island 1250	\$180.95 "Rex Saver"
King Island to Melbourne return:		\$361.90
King Island to Burnie	ZL3872 depart King Island 1310 connect via Melbourne ZL 3573 arrive Burnie 1620	\$355.22 "Rex Saver"
Burnie to King Island	ZL3554 depart Burnie 0630 connect via Melbourne ZL3871 arrive King Island 1250	\$355.22 "Rex Saver"
King Island to Burnie return:		\$710.44
TasAir		
King Island to Devonport	TA905J depart King Island 0930 arrive Devonport 1015	\$226 adult
Devonport to King Island	TA906J depart Devonport 1645 arrive King Island 1730	\$226 adult
King Island to Devonport return:		\$452 + fuel surcharge
<p>Note: Prices and availability were viewed on 25 January 2011 for outward travel on Thursday 24 February 2011 and return travel on Friday 25 February 2011. Prices above reflect base fares and do not include applicable fees and charges. Each airline applies its own terms and conditions to the fares that may affect the prices offered. Some travellers are eligible for concession rates below the cost of the base fare.</p>		

The King Island Multi-Purpose Centre Advisory Committee submitted that present air service routes and scheduling are not conducive to same-day travel and return to or from King Island. As a consequence, moving patients intrastate for specialised health services, visits by health professionals and transiting supplies and samples can be logistically difficult, inconvenient and costly due to the need for taxis, couriers, and accommodation and in cases taking indirect flights via Melbourne.⁷¹ Additionally, the small aircraft presently employed are not easy to access for people with mobility constraints. The Advisory Committee, whilst recognising "commercial pressures", called for improvement of air and land transfer services to ensure there are

⁷¹ The King Island Multi-Purpose Centre Advisory Committee, submission, pp. 2-3

synchronised timetables and routes between King Island and hospitals in northern Tasmania.⁷²

The Tasmanian Farmer's and Graziers Association submitted that its members who need to travel to Launceston or elsewhere in the Tasmanian mainland on business have experienced similar problems.⁷³ Air services to mainland Australia, by contrast, were described by the TFGA as being "excellent".⁷⁴

Findings

The Committee finds that:

1. The King Island Ports Corporation (KIPC), is a wholly owned subsidiary company of TasPorts.
2. TasPorts has recently stated that there is an intention to subsume KIPC into TasPorts.
3. The King Island Council has expressed an interest in developing a partnership arrangement between Council and the State Government to own and operate the King Island Port.
4. A previous Minister for Infrastructure, the Hon Graeme Sturges, was amenable to a partnership arrangement with the Council however, following the March 2010 election, the Hon Lara Giddings was appointed Minister for Infrastructure and she ruled this out.
5. A regular and reliable shipping service with adequate capacity is essential to the future of King Island, particularly for the provision of almost all essential items for residents and for the export of the island's valuable agricultural produce.
6. Disruptions to the weekly service to King Island have resulted in the loss of significant amounts of local produce, especially perishable items being shipped to and off the Island.
7. The current vessel, *Searoad Mersey*, is actually slightly larger than maximum 100-metre vessel limit and is not always able to successfully dock at Grassy due to weather conditions.
8. The *Searoad Mersey* that currently operates on the King Island route is due to be replaced in the next two to three years.

⁷² The King Island Multi-Purpose Centre Advisory Committee, submission, pp. 6-7

⁷³ TFGA, King Island submission, p. 1

⁷⁴ TFGA, King Island submission, p. 2

9. It has been suggested that the replacement vessel may be even larger than the *Searoad Mersey*, resulting in a ship too large to dock at the Grassy Port.
10. Freight costs between the Tasmanian mainland and King Island are significantly more costly than freight costs between Victoria and King Island as a result of the application of Tasmanian Freight Equalisation Scheme (TFES).
11. Additional security requirements pursuant to the *Maritime Transport and Offshore Facilities Security Act* (Cth) at King Island Port have added significant costs to port operations that have been passed on to port users increasing freight costs.
12. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), does not apply between King Island and the Tasmanian mainland though does apply between King Island and Victoria resulting in costs eight times higher to transport a vehicle to the Tasmanian mainland from King Island.

Recommendations

The Committee recommends that:

1. The State Government, as owner of the King Island Port through TasPorts, partially divest control of the Port and share its ownership and operation with the King Island Council through a partnership arrangement.
2. State Government consult with the shipping operator of shipping services to King Island regarding the planned replacement of the *Searoad Mersey*, to ensure a reliable, regular and adequate shipping service is maintained without any interruption to service.
3. State Government seek funding support from the Australian Government to facilitate necessary port upgrades at the King Island Grassy Port to ensure future shipping needs and services can be accommodated within an all-weather port.
4. TasPorts or any future owner/operator of the King Island Port consider cost effective means of ensuring appropriate security measures at the port can be met without additional costs being imposed on port users that may threaten the ongoing viability of the port or its users.
5. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) be applied to the shipping of motor vehicles between King Island and the Tasmanian mainland.

Chapter 3

The Furneaux Group of Islands

Flinders Island

At the earlier stages of this inquiry the future of the shipping service to Flinders Island was uncertain. Furneaux Freight has since superseded the then-shipping operator the Southern Shipping Company (SSC). As such, the situation in early 2011 (many months after the demise of the SSC) has evolved since submissions were received and the first public hearings took place in 2009. An additional shipping service operated by Les Dick (LD Shipping) provides an on-demand service to Flinders Island.

Shipping goods to or from Flinders Island is at a relatively high cost. Moving high priority or time sensitive produce is at a greater cost again.⁷⁵ These issues resonated strongly in submissions and evidence relating to Flinders Island similarly to those addressing issues on King Island. “We have some very high-end products that are time-sensitive in getting to market, that are being impeded predominantly because of the cost of accessing markets,” Mr Raoul Harper (General Manager, Flinders Council) told the Committee.⁷⁶ In another example, Mr Marc Cobham said that the cost of shipping a vehicle is at a “totally exorbitant” price of \$787 one-way between Bridport and Flinders Island.⁷⁷

Shipping Services

A number of submissions and witnesses complained about the standards of service received from SSC,⁷⁸ commenting that the Company would deny responsibility if goods were damaged.⁷⁹ SSC’s owner was subject to criticism for his conduct.⁸⁰ Problems with the service were also having a negative impact upon the Island’s businesses, as delivery could be untimely and uncertain.⁸¹ Additionally, in its submission the TFGA cited animal welfare issues arising at sea.⁸² Flinders Council Mayor Carol Cox explained that problem had been that the contract was too basic:

“When the contract was drawn up, the State Government’s idea of an essential service to this island was that it provided the goods for the shops once a week, made sure they arrived, and that was the basis of the contract. What we have tried very hard to impress on the

⁷⁵ Wheatley and Wheatley, transcript of evidence, 4 November 2009, p. 5

⁷⁶ Harper and Cox, transcript of evidence, 4 November 2009, pp. 37-38

⁷⁷ Cobham, submission, p. 3

⁷⁸ Bushby and Bushby, submission, p. 2; Cobham, submission, p. 3

⁷⁹ Kacir, submission

⁸⁰ Worsley, transcript of evidence, 4 November 2009, p. 14; Pitchford, transcript of evidence, 4 November 2009, p. 22

⁸¹ TFGA, Flinders Island submission, p. 1

⁸² Watson and Watson, submission, pp. 2-3

Government is that this does not cover what an essential service to the islands is. An essential service needs to supply a service that allows our businesses to act in a good manner and to be sustainable and to develop their businesses.”⁸³

Mr Norm McIlfattrick (Secretary, Department of Infrastructure, Energy and Resources) recently informed the Committee that:

“We have formalised an agreement... with the council and shipping group on the islands. The agreement essentially takes a market approach to shipping services on the island as the first preference and then provides a sum of money as a safety net for emergency provision or longer-term provision, should that commercial arrangement not come to the fore.”⁸⁴

In dealing with the SSC, the Committee believes that, although Marine and Safety Tasmania (MAST) was able to effectively detect, identify and monitor ongoing seaworthiness shortcomings with its ships, in practice MAST’s ability to coerce SSC into raising its standards appears to have been limited.

MAST intensified its monitoring activities and threatened to suspend the *Southern Condor’s* certificate of survey unless its owner, the SSC, rectified problems.⁸⁵ A certificate of survey signifies compliance with vessel safety standards by-laws and other relevant legislation.⁸⁶ Without such a certificate pursuant to the *Marine and Safety Authority Act 1997* (Tas.), a vessel is deemed unseaworthy and under that Act could then be subject to seizure and disposal.⁸⁷ Mr Colin Finch (CEO, MAST) told the Committee:

“The safety record of Southern Shipping last year [2009] was not good but it was better than it might have been if we had not been perhaps so determined to improve the vessels. There were some operational issues. There was the log loader that ended up in the Brid River. There was a grounding at Grassy. But in general, given the state of things, it was reasonably under control and we were increasingly tightening the regime.”⁸⁸

However, as Mr Finch conceded in relation to enforcement throughout Tasmania, that “it is very difficult to stop people before they choose to break the law”⁸⁹. A major contributing factor is the limited enforcement powers and penalties available to MAST. Mr Finch commented:

“There is a case I think in some of what we do for stiffening the penalties beyond I think it is a 500 penalty unit limit of a regulation for some offences. If you look at it compared to environmental regulations, for instance, ours are relatively low penalties.”⁹⁰

⁸³ Harper and Cox, transcript of evidence, 4 November 2009, p. 41

⁸⁴ McIlfattrick and Peters, transcript of evidence, 11 October 2010, p. 16

⁸⁵ Finch and Alway, transcript of evidence, 5 February 2010, p. 3

⁸⁶ *Marine and Safety Authority Act 1997* (Tas.) s.3

⁸⁷ *Marine and Safety Authority Act 1997* (Tas.) s.38B and s.38D

⁸⁸ Finch and Alway, transcript of evidence, 5 February 2010, p. 9

⁸⁹ Finch and Alway, transcript of evidence, 5 February 2010, p. 8

⁹⁰ Finch and Alway, transcript of evidence, 5 February 2010, p. 9

Like King Island, geography and isolation plays a part in Flinders Island's transport issues. With shipments to Flinders Island generally leaving from Bridport, goods have to be transported from other Tasmanian mainland centres to Bridport. Shipments coming from Victoria generally leave from Port Welshpool, requiring land transport from Melbourne. Whereas the main business centre is at Whitemark, the main port is at Lady Barron, 26 kilometres away. As such, businesses have to arrange for another land transfer of goods from Lady Barron to Whitemark.⁹¹

Additionally, the tidal nature of the port at Bridport means the shipping service cannot consistently operate on a fixed timetable,⁹² other than to offer a certain number of sailings per week. This situation creates uncertainty and adds to costs.

Mr Cobham suggested a fast ferry service be introduced suitable for commuters and tourists and also capable of carrying some light cargo.⁹³ The SSC had permitted passengers on its ships, though the Committee was informed that this "could never be a recommended option for anyone but the most adventurous tourist."⁹⁴ Mr Ken Worsley said that he could see potential for passenger transport by sea to Flinders Island.⁹⁵ Flinders Council indicated in evidence that it would support a passenger service by sea, if "the numbers stack up".⁹⁶

The standard of wharf facilities at Flinders Island, which are controlled by TasPorts, was also an issue of concern. Mr and Mrs Watson submitted:

"The lack of wharf facilities does not cater to the person who is unable to collect their goods on arrival. Many times the ship has been delayed due to bad weather or lack of skill navigating the river at Bridport. There is no shed available for storage at Lady Barron. The state of the berthing facility does not enhance a visitor's first impression of Flinders Island."⁹⁷

"You can literally waste a couple of days in a week just trying to trace your goods," Mr Watson said in evidence.⁹⁸

Representatives from Roberts Livestock gave evidence to the Committee detailing numerous problems with the handling and care of livestock during the process of shipment and during the time awaiting shipment as a consequence of substandard and under-maintained infrastructure.⁹⁹

⁹¹ TasPorts, submission, p. 4; Cobham, submission, p.3

⁹² Walker, transcript of evidence, 4 November 2009, p. 49

⁹³ Cobham, submission, p. 4

⁹⁴ Watson and Watson, submission, p. 4

⁹⁵ Worsley, transcript of evidence, 4 November 2009, p. 17

⁹⁶ Harper and Cox, transcript of evidence, 4 November 2009, p. 35

⁹⁷ Watson and Watson, submission, p. 4

⁹⁸ Watson, transcript of evidence, 4 November 2009, p. 71

⁹⁹ Grace *et al*, transcript of evidence, 4 November 2009, pp. 61-70

TasPorts recently advised the Committee that a number of upgrades are planned for Lady Barron Port, which includes works on existing wharf structures and the stockyards, a new storage facility and changes to traffic management, to be completed within 18 to 24 months.¹⁰⁰ TasPorts also provided the Committee with a breakdown of expenditure in recent years to maintain the port.¹⁰¹

A smaller, secondary port facility is located at Whitemark; however, as TasPorts explained, “the jetty structure is in a dilapidated condition”, only accessible at high tide and exposed to weather.¹⁰² TasPorts has decided that in the circumstances it will “close the Whitemark wharf” and “concentrate all commercial shipping at Lady Barron.”¹⁰³ Two submissions, however, recommended that the opposite should occur and that Lady Barron ought to be upgraded and become the main point of arrival and departure for freight.¹⁰⁴

The movement of chilled and frozen goods is a difficulty for the Island’s businesses. One café owner described the transport of frozen goods to Flinders Island as being “unsatisfactory” and “often a challenge to get the timing right.”¹⁰⁵ Mr Roger Watson informed the Committee that chilled products are sent in a modified shipping container: its doors are left open to keep ‘refrigerated’ goods from freezing, and ‘frozen’ goods are placed at the other end of the container to prevent them from defrosting.¹⁰⁶ He also commented:

“The chiller is so inefficient; you turn up there and it can take you half-an-hour to get five boxes because you have to move 50 boxes of other people’s stuff to get to them.”¹⁰⁷

Mr Terrence Klug suggested that the State Government could take ownership of the vessels used to service Flinders Island. He said there is a risk an operator could cease services and relocate the ships purpose-built for the Furneaux Group, leaving the Government to replace the ships as well as the operator.¹⁰⁸ The lead times involved and inadequate contingency options would then have the potential to severely disrupt the movement of goods.

Mr Raoul Harper (Flinders Island Council) said:

“The point that we have been pushing with the Government quite hard is that, if we were to move to a model where there was government ownership, say, of the vessels or the airport, you are still dealing with subcontracting those services to an outside operator. Where do the checks and balances come in and who is at the table to ensure those

¹⁰⁰ Weedon, transcript of evidence, 11 October 2010, pp. 1-2 and p. 5

¹⁰¹ Information provided by TasPorts, 18 October 2010

¹⁰² TasPorts, submission, p. 4

¹⁰³ TasPorts, submission, p. 4

¹⁰⁴ Klug and Klug, submission, p. 1;

¹⁰⁵ Hetzel, submission

¹⁰⁶ Watson, transcript of evidence, 4 November 2009, p. 73

¹⁰⁷ Watson, transcript of evidence, 4 November 2009, p. 74

¹⁰⁸ Klug, transcript of evidence, 4 November 2009, p. 57

checks and balances are meeting the needs of the local community. That is really our key point at the moment. If that was the model we were going to go down, what role does the local community have in articulating what they want from the service and ensuring that the service is providing it over time?”¹⁰⁹

Mayor Cox stated that although a consultant report had been commissioned to advise on an optimal shipping service, she said it is “a report we are very disappointed in and probably won’t accept.”¹¹⁰ That report concluded:

“Rather than the Tasmanian Government applying a partial operational subsidy to a commercial shipping operator for the provision of Flinders Island shipping services it is suggested that moving to a completely goods and passenger movement subsidy arrangement could be considered as an alternative.”¹¹¹

A report commissioned by DIER drew a different conclusion, however:

“...The status quo with some improvements to the contract to drive performance is recommended. The current contract lacks clear performance parameters and the absence of incentives and penalties based on performance diminishes the incentives on the service provider to meet stakeholder needs. In addition, customers to the service have no clear role in the arrangements. It is suggested that these issues be addressed in preparing any subsequent contracts to underpin the service.”¹¹²

In July 2010, DIER released a document outlining its policy objectives. These are shown below.¹¹³

Policy Objective 1	Flinders Island and Cape Barren Island communities have access to reliable sea transport services at fair prices.
Policy Objective 2	A market-based outcome to deliver shipping services is preferred to direct intervention by government.
Policy Objective 3	Where the market is unable to deliver these objectives the Government, in partnership with Flinders Council, will facilitate safety net arrangements to ensure the objectives are maintained.
Policy Objective 4	Flinders Council and the Cape Barren Island Aboriginal Association have a vital partnership role in supporting the implementation of Government measures to support provision of shipping services.

¹⁰⁹ Harper and Cox, transcript of evidence, 4 November 2009, p. 32

¹¹⁰ Harper and Cox, transcript of evidence, 4 November 2009, p. 43

¹¹¹ Aurecon/Flinders Council, ‘Flinders Island Shipping Needs Study’, March 2010, p. 43

¹¹² GHD/DIER, ‘Furneaux Shipping: Final Report’, January 2010, p. 6

¹¹³ DIER, ‘Furneaux Islands Shipping Policy Statement’, July 2010, p. 8

Air Services

A regular passenger service presently services Flinders Island through Launceston and Essendon airports. Mr Marc Cobham submitted that the cost of air travel between Flinders Island and Launceston or Essendon “remains prohibitively expensive for many people”. However, he stated that overall it has been a “great service”.¹¹⁴

Mr and Mrs Bushby submitted that the air service is presently adequate.¹¹⁵ Similarly, Mr Ken Worsley said the cost is high “but basically the service is okay.”¹¹⁶

On the other hand, a submission from Mr and Mrs Watson stated that in their personal and business experience, the air service has been “less than adequate”, though pointed out that this comment is not aimed at airline staff, who “always provide excellent customer service.”¹¹⁷ The Committee was separately informed that some planes have a limited cargo-carrying capacity, to the extent that people travelling with prams, golf clubs or fishing rods have particular difficulty getting these items to or from Flinders Island.¹¹⁸

In evidence, Mr Watson elaborated on his views:

“They have got the planes doing what they are doing; they are fully booked so they see that as providing an adequate service. One of the problems is that we just do not know how many people are out there that would use a better service or an extended service... They do not know that there is a larger plane sitting and if enough people ring up and say ‘We want to travel on such-and-such a day,’ they will put a bigger plane on.”¹¹⁹

Mr Michael Buck submitted:

“Tourism operators and island businesses have provided good facilities and services for the visitor and the market profile has been raised generating better demand. Parks Tasmania has helped in the funding and management of interpretation and crown land facilities. To capitalise on these factors the island needs and improved airline booking system and appropriate links to key airlines, direct flights from Melbourne Airport, better seat availability and price incentives focused on encouraging the mainland visitor, to develop what should become a very important part of the island’s economy.”¹²⁰

Although the airlines might add flights in response to demand, if the online booking system shows a flight is ‘full’, prospective tourists abandon or defer

¹¹⁴ Cobham, submission, p. 2

¹¹⁵ Bushby and Bushby, submission, p. 2

¹¹⁶ Worsley, transcript of evidence, 4 November 2009, p. 15

¹¹⁷ Watson and Watson, submission, p. 1

¹¹⁸ Wheatley and Wheatley, transcript of evidence, 4 November 2009, p. 7

¹¹⁹ Watson, transcript of evidence, 4 November 2009, p. 77

¹²⁰ Buck, submission, p. 2

their travel. Tourism operators, in submissions to this Committee, see this situation as causing them to lose business.¹²¹

Mr Gavin Barnes said:

“A massive number of people that visit Wilsons Promontory every year and they turn away literally thousands of people because they can't fit them in. Wilsons Promontory and this place are mirror images of one another, absolutely. There has to be an open market there for tourism onto this island. When I say that, I do not want to kill the goose that layed the golden egg because the thing that really is important over here is the natural beauty, and to keep it that way.”¹²²

Airlines of Tasmania Pty Ltd submitted that as the Island has a population of around 900 people, “the commercial reality is there are limitations to the level of service that can be provided without a major increase in tourist operations.”¹²³ The airline submitted that landing charges and passenger taxes are exacerbating its costs. The submission also observed:

“Raising airfares has the snowball effect of reducing passenger numbers and in turn service levels. This discourages tourism which in the present economic climate appears to be the most prospective area to increase the market.”¹²⁴

Mr Terrence Klug, a former Flinders Mayor, noted in his evidence that the Council-owned and operated airport had generally traded at a loss – in 2008-09 at a loss of around \$90,000.¹²⁵

In October 2010 Sharp Airlines began flying to Flinders Island, providing services to an additional 20,000 passengers travelling to and from Launceston and Flinders Island.

Sharp Airlines, a regional airline with more than 70 staff, began operations in Hamilton (Victoria) in 1990 and in South Australia in April 2008. In addition to its new Tasmanian operation, it also services Victoria's south west and South Australia, carrying 55,000 passengers a year between seven locations. In Victoria, it operates between Hamilton, Portland and Melbourne's Essendon Airport, and between Portland and Avalon Airport near Geelong. Its South Australian service flies between Adelaide and Port Augusta, and Adelaide and Mildura.

¹²¹ Ludington and Ludington, submission, p. 1; Watson and Watson, submission, p. 2

¹²² Barnes, transcript of evidence, 4 November 2009, p. 11

¹²³ Airlines of Tasmania Pty Ltd, submission, p. a

¹²⁴ Airlines of Tasmania, submission (conclusion)

¹²⁵ Klug, transcript of evidence, 4 November 2009, p. 57

Flinders Island Airfares: Price Estimates		
	Sharp Airlines	
Flinders Island to Launceston	SH802 depart Flinders Island 0855 arrive Launceston 0930	\$157 "Tas Flex"
Launceston to Flinders Island	SH807 depart Launceston 1600 arrive Flinders Island 1635	\$157 "Tas Flex"
	Flinders Island to Launceston return:	\$314
Flinders Island to Melbourne (Essendon)	SH804 depart Flinders Island 1055 arrive Melbourne 1200	\$212 "Tas Flex"
Melbourne to Flinders Island	SH 805 depart Melbourne 1330 arrive Flinders Island 1435	\$212 "Tas Flex"
	Flinders Island to Melbourne return:	\$424
<p>Note: Prices and availability were viewed on 25 January 2011 for outward travel on Thursday 24 February 2011 (Wednesday 23 February in the case of flight SH804) and return travel on Friday 25 February 2011. Prices above reflect base fares and do not include applicable fees and charges. The airline applies terms and conditions to the fares that may affect the prices offered.</p>		

Cape Barren Island

Most submissions and evidence received relating to the Furneaux Group focussed upon Flinders Island only. One submission from a Cape Barren Island resident explained that the passenger flights could be cancelled if the wind is too strong. However, under CASA (Civil Aviation Safety Authority) regulations, the same planes carrying freight only or chartered passengers – distinct from carrying regular public transport passengers – are permitted to fly.¹²⁶

Findings

The Committee finds that:

1. The Flinders Island Port is managed by TasPorts which provides and maintains the Port infrastructure and issues licences to commercial operators to use the infrastructure.
2. TasPorts has no role in the port facilities at Bridport or on Cape Barren Island.
3. Since the establishment of this Legislative Council Select Committee the State Government has allocated \$1.6 million for port infrastructure upgrades at Lady Barron to be carried out over an 18-24 month period.

¹²⁶ Fuglsang, submission, pp. 2-3

4. Bridport Port is a tidal port which presents challenges to maintaining consistent and timely services to the Furneaux Group.
5. Storage options are limited and generally inadequate at Lady Barron for goods shipped to and from Flinders Island.
6. Shipping services to the Furneaux Group have improved significantly since the demise of the Southern Shipping Company with two commercial operators providing regular services.
7. Freight costs between the Tasmanian mainland and Flinders Island are significantly more than freight costs between Victoria and Flinders Island. These costs are impacting negatively on businesses based on Flinders Island.
8. MAST has limited authority to enforce vessel safety compliance across Tasmania with relatively low penalty units.
9. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES), does not apply between the Furneaux Group and the Tasmanian mainland although it does apply between the Furneaux Group and Victoria, resulting in higher costs to transport a vehicle to the Tasmanian mainland from the Furneaux Islands.
10. Flinders Council and the State Government have formalised a commercial agreement since the demise of Southern Shipping with a safety net arrangement as an emergency provision.
11. Cape Barren Island will continue to have a subsidised service to meet the needs of the community.

Recommendations

The Committee recommends that:

1. The State Government work with the Flinders Council and the Furneaux Group communities to ensure the provision of a reliable and sustainable transport service to support the residents and businesses on the islands.
2. TasPorts work co-operatively with the State Government and Flinders Island community to assess the ongoing maintenance and upgrade requirements of the infrastructure at Lady Barron to ensure adequate and appropriate facilities are available for goods and stock, as well as a passenger service in the longer term.

3. MAST be provided with additional authority to enforce vessel safety compliance and increased penalties to be imposed for non-compliance.
4. MAST work with the State Government and operators of the Bridport Port to develop the port and enhance the area to provide a more efficient and reliable facility to meet the current and future needs of the Furneaux Group communities and the shipping service providers.
5. The Bass Strait Passenger Vehicle Equalisation Scheme (BSPVES) be applied to the shipping of motor vehicles between the Furneaux Group and the Tasmanian mainland.

4 Appendices

Appendix 1: Submissions

1. Ian and Pat Parkinson
2. Terence and June Klug
3. Marc Cobham
4. Daryl Fanning
5. TasAir Pty Ltd
6. Colin and Jane Bushby
7. King Island Tourism Inc
8. Darren Grace, Gerald Dilger and Scott Wood
9. Airlines of Tasmania Pty Ltd
10. Bruny Island Community Association Inc
11. David Grutzner
12. Michael Buck
13. Jay Hetzel
14. Roger Tonge
15. North Bruny Community Centre Committee of Management
16. King Island Council
17. Steve Kacir
18. Wayne Cuthbertson
19. Kingborough Council
20. Bruny Island Tourism Inc
21. Confidential
22. Confidential
23. Bruny Island Ferry Company Pty Ltd
24. Confidential
25. Friends of North Bruny Inc
26. Department of Energy, Infrastructure and Resources
27. Allan Gibson and Marilyn Kent
28. Timber Communities Australia – Bruny Island Primary Industry Branch
29. Bill Hughes
30. Confidential
31. Roger and Bev Watson
32. King Island Multi-Purpose Centre Advisory Committee
33. Flinders Island Adventures
34. Tasmanian Farmers and Graziers Association
35. King Island Shipping Group
36. Southern Shipping Pty Ltd
37. Tourism Tasmania
38. National Foods Ltd
39. Joyce Fuglsang
40. Department of Health and Human Services
41. TasPorts
42. Tasmanian State School Parents and Friends Inc
43. Dave Gray
44. Michele Mathers

Appendix 2: Witnesses

Bruny Island, Thursday 1 October 2009

- Mr Brendan Schmit and Ms Una Hobday (North Bruny Community Centre Committee of Management)
- Ms Bernice Woolley (Bruny Island Tourism Association)
- Mr Ian Barwick and Mr Allan Reardon (Friends of North Bruny Inc)
- Mr Keith Bill (Timber Communities Australia – Bruny Island Primary Industries Branch)
- Mr Bill Hughes (Bruny Island Advisory Group)

Hobart, Friday 2 October 2009

- Mr Paul West and Mr Steve Wass (Kingborough Council)
- Mr Wayne Cuthbertson
- Ms Claire Ellis (Tourism Tasmania)

King Island, Tuesday 3 November 2009

- Ms Denise Brewer
- Mr Gregory Morris, Mr Vernon Philby, Mr Noel Cooke and Mr Christopher Crouch (King Island Shipping Group)
- Ms Sarina Laidler (King Island Multi-Purpose Centre Advisory Committee)
- Mr Daryl Fanning
- Ms Caroline Kininmonth and Mr Ken Chapman (King Island Tourism)
- Mr Charles Arnold, Mr James Cooper Ms Jennifer Thorn and Mr Christopher Green

Flinders Island, Wednesday 4 November 2009

- Mr Allan Wheatley and Mrs Margaret Wheatley
- Mr Gavin Barnes
- Mr Ken Worsley
- Mr Mark Pitchford
- Mr Raoul Harper and Ms Carol Cox (Flinders Island Council)
- Mr Michael Grimshaw
- Mr Robin Walker
- Mr Terrence Klug
- Mr Darren Grace, Mr Gerald Dilger and Mr Scott Wood
- Mr Roger Watson

Hobart, Friday 5 February 2010

- Mr Colin Finch and Mr Gwyn Alway (Marine and Safety Tasmania)
- Mr Nathan Spicer (TasPorts)
- Mr Altan Djenar (PKF Chartered Accountants) via phone-link from Melbourne
- Mr Norm McIlpatrick and Mr David Peters (Department of Energy, Infrastructure and Resources)

Hobart, Monday 11 October 2010

- Mr Paul Weedon (TasPorts)
- Mr Norm McIlpatrick and Mr David Peters (Department of Energy, Infrastructure and Resources)
- Mr Charles Arnold, Mr Mark Goode, Mr Vernon Philby and Mr Greg Morris (King Island Council)

Appendix 3: Tabled Documents and Additional Information

1. Confidential
2. Email from Mt Graham Bannister and attachment
3. Email and photos from Mr Keith Bill
4. Confidential
5. Flinders Island Visitor Survey Report – year ending June 2009
6. 'TFGA King Island Branch submission to LC Select Committee Inquiry into Island Transport Services'
7. Furneaux Group Aviation Special Committee minutes
8. Confidential
9. Notes from Mr Robin Walker
10. 'Supplementary Submission to our Comments dated 22 June 2009'
11. CD from Ms Margaret Wheatley
12. 'Submission to Legislative Council Hearing into Island Transport Services'
13. Faxed documents from Mr Charles Arnold
14. Confidential
15. 'King Island Visitor Survey Annual Report 16 June 2008 – 25 May 2009'
16. Email from Mr Raoul Harper and attachment

Appendix 4: Minutes of Proceedings

LEGISLATIVE COUNCIL SELECT COMMITTEE

ISLAND TRANSPORT SERVICES

MINUTES

THURSDAY 11 JUNE 2009

The Committee proceeded to business at 12.55 pm in the Legislative Council Ante Chamber, Parliament House, Hobart.

Members Present :

Ms Forrest

Mr Hall

Mr Harriss

Ms Rattray Wagner

In Attendance:

Dr Colin Huntly

Mrs Mann

1. Order of Parliament :

The Committee **Resolved** that the Order of the Legislative Council appointing the Committee dated 10 June 2009 having been circulated, should be taken as being read.

2. Election of the Chair :

The Secretary called for nominations for the Chair. *Ms Rattray-Wagner* being the only nominee, the Secretary declared *Ms Rattray Wagner* to be duly elected Chair. The Secretary yielded the Chair and *Ms Rattray Wagner* took the Chair.

3. Establishment Matters:

- (1) The Committee **Resolved** to insert advertisements calling for submission in the three daily newspapers on Saturday 20 June 2009 and in the King Island Courier, the Bruny Island News and the Flinders Island News at the next available publication date, and that receipt of

written submissions be conditioned for closure at close of business on Friday, 24 July 2009.

(2) The Committee **Resolved** that the Committee be known as “The Island Transport Services Select Committee”.

(3) The Committee **Resolved** that the Secretary construct a media release within the next two weeks to promote public interest and to invite submissions and presentations to the Committee.

(4) The Committee further **Resolved** to write to the following stakeholders to invite submissions:

- Department of Tourism
- Tourism Tas
- Department of Infrastructure
(State Government owner of Mirambeena Ferry - contact is Bernard Carlington)
- Flinders Island Council
- Flinders Island School Association – Parents and Friends
- Flinders Island Meat processors
- Kingborough Council
- King Island Council
- King Island School Association – Parents and Friends
- King Island Dairy
- Cape Barren Island Association
- Tas Ports
- Southern Shipping (Geoff Gabriel)
- Bruny Island Ferry Co Pty Ltd (Graeme Phillips)
- Bruny Island Community Association (Keith Beale)
- Bruny Island Industry Group (Keith Beale)
- Bruny Island Health Centre
- Bruny Island Advisory Committee (Bill Hughes)
- King Island Air (Vic)
- Rex Airlines
- Tas Air
- Airlines of Tasmania
- Ambulance Service
- Scheelite Mine – King Island

- T.F.G.A. (Chris Oldfield)
- Kelp Industry (John Hiscock)
- J.B. Swift

4. Future timetable

Resolved that the Committee next meet toward the end of July 2009 to discuss the future program.

The Committee adjourned at 1.10 pm.

DATE

ADOPTED

CHAIRMAN

Wednesday 26 August 2009

The Committee proceeded to business at 9.06am in the Legislative Council Ante Chamber, Parliament House, Hobart.

Members Present :

Ms Forrest
Mr Hall
Mr Harriss
Ms Rattray Wagner

In Attendance:

Dr Colin Huntly
 Mrs Mann

1. Minutes

The Minutes of the previous meeting held on 11 June 2009 were adopted.

2. Correspondence

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence be received –

Inwards Correspondence:

- Submission received from Mr Ian and Mrs Pat Parkinson (**Sub No 1**)

- Submission received from Mr Terence and Mrs June Klug **(Sub No 2)**
- Submission received from Mr Marc Cobham **(Sub No 3)**
- Submission received from Mr Daryl Fanning **(Sub No 4)**
- Submission received from TasAir Pty Ltd **(Sub No 5)**
- Submission received from Colin and Jane Bushby **(Sub No 6)**
- Submission received from King Island Tourism Inc (Ms Denise O'Keefe) **(Sub No 7)**
- Submission received from Roberts Livestock Flinders Island **(Sub No 8)**
- Submission received from Airlines of Tasmania Pty Ltd **(Sub No 9)**
- Submission received from Bruny Island Community Association Inc **(Sub No 10)**
- Submission received from Mr David Grutzner **(Sub No 11)**
- Submission received from Mr Michael Buck **(Sub No 12)**
- Submission received from jj's on the bay (Jay Hetzel) **(Sub No 13)**
- Submission received from Mr Roger Tonge **(Sub No 14)**
- Submission received from North Bruny Community Centre Committee of Management (Mr Brendan Schmidt) **(Sub No 15)**
- Submission received from King Island Council **(Sub No 16)**
- Submission received from Mr Steve Kacir **(Sub No 17)**
- Submission received from Mr Wayne Cuthbertson **(Sub No 18)**
- Submission received from Kingborough Council **(Sub No 19)**
- Submission received from Mr Bruny Island Tourism Association (Mr Robert Pennicott) **(Sub No 20)**
- Submission **(CONFIDENTIAL)** **(Sub No 21)**

Standing Order 202 applies

- Submission **(CONFIDENTIAL)** **(Sub No 22)**

Standing Order 202 applies

- Submission received from Bruny Island Ferry Co Pty Ltd (Mr Graeme Phillips) **(Sub No 23)**
- Submission **(CONFIDENTIAL)** **(Sub No 24)**

Standing Order 202 applies

- Submission received from Friends of North Bruny Inc (Ms Lynne Pope) **(Sub No 25)**
- Submission received from DIER **(Sub No 26)**
- Submission received from Mr Allan Gibson and Ms Marilyn Kent **(Sub No 27)**
- Submission received from Bruny Island Primary Industries Branch of Timber Communities Australia **(Sub No 28)**
- Submission received from Mr Bill Hughes – Bruny Island Advisory Group **(Sub No 29)**
- Submission **(CONFIDENTIAL)** **(Sub No 30)**

Standing Order 202 applies

- Submission received from Mr Roger and Ms Bev Watson **(Sub No 31)**

- Submission received from King Island Multi-Purpose Centre Advisory Committee (David Brewster) **(Sub No 32)**
- Submission received from Flinders Island Adventures (James and Lindsay Luddington) **(Sub No 33)**
- Submission received from TFGA **(Sub No 34)**
- Submission received from King Island Shipping Group **(Sub No 35)**
- Letter and email received from Southern Shipping Co Pty Ltd – request for verbal evidence **(Sub No 36)**
- Submission received from Tourism Tas **(Sub No 37)**
- Submission received from National Foods Ltd **(Sub No 38)**
- Additional information **(CONFIDENTIAL) (Sub No 24)**
Standing Order 202 applies

3. Outwards Correspondence:

The Committee considered the outward correspondence and resolved that the following correspondence be endorsed –

- Letters inviting submissions sent to the following:
 - Department of Economic Development and Tourism
 - Tourism Tas
 - DHHS
 - Department of Infrastructure
 - Flinders Council
 - Flinders Island School Association
 - King Island District High School Association
 - Flinders Island Aviation Services
 - Flinders Island Quality Meats
 - Tourism Industry Council
 - Tasmanian Freight Logistics council
 - Kingborough Council
 - King Island Council
 - King Island Shipping Group
 - King Island Dairy
 - King Island Airlines
 - King Island Transport
 - King Island Trading Co
 - King Island Ports Corporation
 - Tasmanian State School Parents and Friends Association
 - Tasports (Tasmanian Ports Corporation)
 - Airlines of Tasmania
 - Tasair Pty Ltd
 - Burnie Airport Corporation Pty Ltd (REX Regional Express)
 - Southern Shipping Co Pty Ltd
 - St John Ambulance (Launceston and North West Coast)
 - King Island Scheelite Mines
 - Kelpwatch (Dr Karen Edyvane)
 - JBS Swift
 - Bruny Island Ferry Service
 - Bruny Tourism Inc
 - Bruny Island Community Association
 - Bruny Island Community Advisory Committee

Acknowledgement emails/letters sent to:

- Mr and Mrs Parkinson **(1)**
- Mr and Mrs Klug **(2)**
- Mr Cobham **(3)**
- Mr Fanning **(4)**
- TasAir Pty Ltd **(5)**
- Colin and Jane Bushby **(6)**
- King Island Tourism Inc **(7)**
- Roberts Livestock Flinders Island **(8)**
- Airlines of Tasmania Pty Ltd **(9)**
- Bruny Island Community Association Inc **(10)**
- Mr David Grutzner **(11)**
- Mr Michael Buck **(12)**
- jj's on the bay **(13)**
- Mr Roger Tonge **(14)**
- North Bruny Community Centre Committee of Management **(15)**
- King Island Council **(16)**
- Mr Steve Kacir **(17)**
- Mr Wayne Cuthbertson **(18)**
- Kingborough Council **(19)**
- Bruny Island Tourism Association **(20)**
- (21) CONFIDENTIAL**
- (22) CONFIDENTIAL**
- Bruny Island Ferry Co Pty Ltd **(23)**
- (24) CONFIDENTIAL**
- Friends of North Bruny Inc **(25)**
- DIER **(26)**
- Mr Allan Gibson and Ms Marilyn Kent **(27)**
- Bruny Island Primary Industries Branch Timber Communities Australia **(28)**
- Bruny Island Action Group – Bill Hughes **(29)**
- (30) (CONFIDENTIAL)**
- Roger and Bev Watson – Unavale Vineyard and Furneaux Tavern **(31)**
- King Island Multi-Purpose Centre Advisory Committee **(32)**
- Flinders Island Adventures **(33)**
- TFGA – King Island and Flinders Island **(34)**
- King Island Shipping Group **(35)**
- Southern Shipping Co Pty Ltd **(36)**
- Tourism Tas **(37)**
- National Foods Ltd **(38)**

3. Matters Arising:

The Committee **Resolved** that the Secretary write to each person and organization who did not respond to the original letter and extend a further invitation to forward a submission.

The Committee further **Resolved** that the Secretary write to Mr Chris Warr, Infrastructure Policy and Planning Division, DIER requesting copies of file(s) relating to the Departmental review of island transport services

including any submissions received by the Department relating to that review.

The Committee further **Resolved** that a précis of the submissions be prepared by Mr Bryan Stait

4. Future timetable

The Committee **Resolved** to hold public hearings as follows:

- Thursday 1 October 2009 Bruny Island
- Friday 2 October 2009 Hobart
- 2nd-6th November King Island/Flinders Island

5. Next Meeting

The meeting adjourned until 9.00am on 2 September 2009 in the Legislative Council Ante Chamber.

6. Adjournment:

The Chair declared the meeting adjourned at 9.45am

Wednesday 2 September 2009

The Committee proceeded to business at 9.01am in the Legislative Council Ante Chamber, Parliament House, Hobart.

Members Present :

Ms *Forrest*
Mr *Hall*
Mr *Harriss* [see Note 1)
Ms *Ratray Wagner*

In Attendance:

Dr Colin Huntly
Mrs Mann

1. Minutes

The Minutes of the previous meeting held on 26 August 2009 were adopted.

[Mr *Harriss* took his place at 9.03am]

2. Correspondence

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence be received –

Inwards Correspondence:

- Submission dated 16/8/09 from Ms Joyce Fuglsang (Puncheon Head)
- Submission dated 31/8/09 from DHHS
- Submission dated 24/7/09 from TasPorts

Outwards Correspondence:

The Committee considered the outward correspondence and resolved that the following correspondence be endorsed –

- Letter dated 26/8/09 to Mr Chris Marr, DIER
- Letter dated 26/8/09 to Cape Barren Island Aboriginal Association inviting submission
- Follow up letters dated 26/8/09 to the following:
 - JBS Swift
 - St John Ambulance
 - Rex (Regional Express)
 - Tasmanian Ports Corporation
 - State School Parents and Friends Association
 - King Island Ports Corporation
 - Kelpwatch (Dr Karen Edyvane)
 - King Island Sheelite Mine
 - King Island General Practice (Dr Alex John)
 - Tasmanian Freight Logistics Council
 - King Island Trading Co.
 - King Island Transport (Mr Gary Lee)
 - Tourism Industry Council
 - King Island Airlines
 - King Island Dairy
 - Flinders Island Quality Meat
 - Flinders Island Aviation Services
 - Flinders Island District High School Parents & Friends Assoc.
- Submission acknowledgement letter dated 27/8/09 to Ms Joyce Fuglsang
- Submission acknowledgement letter dated 1/9/09 to Minister for Health
- Submission acknowledgement letter dated 1/9/09 to TasPorts

3. Matters Arising:

The Chair advised the Committee that she had made contact with the two individuals who made confidential submissions and will report back to the Committee again following outcome of this initial contact.

The Committee **Resolved** that, following the Secretary's contact with Mr Chris Marr from DIER, the matter involving request for additional information from the Department be held over until a later stage.

4. Future timetable

The Committee discussed amendments to the draft program. The Chair and Secretary are to further refine the draft program of future hearings.

5. Next Meeting

The Committee adjourned until Thursday, 1 October 2009 on Bruny Island unless otherwise notified.

6. Adjournment:

The Chair declared the meeting adjourned at 9.33am

Thursday 1 October 2009

The Committee proceeded to business at 11.00am in the Adventure Bay Hall, Adventure Bay, Bruny Island.

Members Present :

Ms Forrest

Mr Hall

Mr Harriss

Ms Rattray Wagner

In Attendance:

Dr Colin Huntly

Mrs Mann

1. Public Hearing

At 11.03am Mr Brendan Schmidt and Ms Una Hobday, North Bruny Community Centre Committee of Management **(15)** were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 11.45am.

At 11.45am Ms Bernice Woolley, Secretary, Bruny Island Tourism Association **(20)** was called, made the Statutory Declaration and was examined.

The witness withdrew at 12.05pm

At 12.10pm Mr Ian Barwick, Secretary and Mr Allan Reardon, Treasurer, Friends of North Bruny Inc. **(25)** were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 1.05pm.

At 1.50pm Mr Keith Bill **(28)**, President of the Bruny Island Primary Industries Branch of Timber Communities Australia and Acting President of the Bruny Island Community Association **(10)** was called, made the Statutory Declaration and was examined.

The witness withdrew at 2.00pm

At 2.00pm Mr Bill Hughes, Member of the Bruny Island Advisory Group **(29)** was called, made the Statutory Declaration and was examined.

The witness withdrew at 2.30pm.

At 2.30pm Mr Keith Bill was recalled.

- **Papers Tabled**

- Photos (2)

- aerial view of the airstrip

- numerous aircraft parked off the airstrip verge

- Emails and photos regarding the 'Neck' and the maintenance program

The witness withdrew at 3.45pm

2. Next Meeting

The Committee resolved that, on its rising, it would adjourn until 9.30am on Friday 2 October 2009 in Committee Room 2, Parliament House, Hobart

3. Adjournment:

The Chair declared the meeting adjourned at 3.46pm.

Friday 2 October 2009

The Committee proceeded to business at 9.30am in Committee Room 2, Parliament House, Hobart.

Members Present :

Ms Forrest

Mr Hall [see Item 1]

Mr *Harriss*
Ms *Ratray Wagner*

In Attendance:

Dr Colin Huntly
Mrs Mann

1. Public Hearing

At 9.32am Mr Paul West, General Manager, and Mr Stephen Wass, Deputy Mayor, Kingborough Council **(19)** were called, made the Statutory Declaration and were examined.

[Mr *Hall* took his place at 9.34am]
[Mr *Hall* left his place at 10.24am]

The witnesses withdrew at 10.26am.

At 10.31am Mr Wayne Cuthbertson **(18)** was called, made the Statutory Declaration and was examined.

[Mr *Hall* resumed his place at 10.41am]

The Committee suspended at 10.56am
The Committee resumed at 11.20am

Hearing continued *in camera*:

At 11.20am Mr Wayne Cuthbertson was recalled and gave *in camera* evidence.

Confidential Papers Tabled:

- ...
- ...
- ...

The witness withdrew at 11.41am

Committee deliberation:

The Committee discussed issues involving the evidence being given in camera.

The witness was recalled at 11.50am.

[Dr Huntly left his place at 11.55am]

The witness withdrew at 11.57am.

The Committee suspended at 12.05pm.

The Committee resumed without Mr Hall at 1.42pm

Public Hearing:

At 1.42pm Ms Claire Ellis, Tourism Tas **(37)** was called, made the Statutory Declaration and was examined.

Paper Tabled:

- Flinders Island Visitor Survey Report – Year Ending June 2009

The witness withdrew at 2.13pm.

Private Hearing.

At 2.15pm Mr David Peters, Deputy Secretary Ms Sophie Reid from the Department and from the Department of Infrastructure gave a briefing to Members of the Committee regarding the Southern Shipping Co Pty Ltd.

The briefing concluded at 3.09pm

2. Minutes

The Minutes of the previous meeting held on 2 September 2009 were adopted.

3. Correspondence

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence be received –

- Email dated 6/8/09 from Mr Chris Warr from DIER regarding number of vehicles carried on the Bruny Island ferry in the 12 months to 30 June 2009.
- Email dated 15/9/09 from Mr Graham Bannister
- Letter dated 15/9/09 from State School Parents and Friends Association, Ms Jenny Grossmith, President

4. Future timetable – King and Flinders islands

The Committee discussed the draft program.

5. Next Meeting

The Committee adjourned sine die

6. Adjournment:

The Chair declared the meeting adjourned at 3.15pm

Tuesday 13 October 2009

The Committee proceeded to business at 10.36am in the Legislative Council Ante Chamber, Parliament House, Hobart.

Members Present :

Ms *Forrest*

Mr *Hall* [telephone]

Mr *Harriss* [telephone]

Ms *Ratray Wagner*

In Attendance:

Dr Colin Huntly

Mrs Mann

1. Business:

The Committee **Resolved** that the Chair be instructed to seek legal opinion on the agreement between the Government and Southern Shipping and to also prepare a draft brief to Counsel.

The Committee further **Resolved** that the Chair be instructed to order Mr Norm McIlfratrick, Secretary to the Department of Infrastructure, Energy and Resources, to immediately deliver to the Committee a copy of any and all legal opinions obtained by or otherwise in the possession of his Department relating to the construction, interpretation or enforcement of the Deed of Agreement between the Transport Commission, Southern Shipping Co Pty Ltd and Mr Geoffrey Gabriel. Mr McIlfratrick will be discharged from this summons when the summonsed documents are delivered into the safe keeping of the Secretary to the Committee, Dr Colin Huntly.

Future Program:

The program for the King Island and Flinders Island hearings was further discussed.

2. Next Meeting

The Committee adjourned *sine die*.

3. Adjournment:

The Chair declared the meeting adjourned at 10.51am.

Thursday 23 October 2009

The Committee proceeded to business at 8.30 am in Committee Room 3, Parliament House, Hobart.

Members Present :

Ms *Forrest* [telephone]
Mr *Hall*
Mr *Harriss*
Ms *Ratray Wagner*

In Attendance:

Dr Colin Huntly

1. Public Discussion Paper

The Committee considered the Draft Public Discussion Paper. After making some amendments, it was **resolved** that the Committee adopt the amended Public Discussion Paper. It was further **resolved** that the Chair be authorised to release the Public Discussion Paper and issue a Media Release drawing attention to the document later on the same day.

The Committee further **Resolved** that the Public Discussion Paper be published on the Committee's website.

2. Adjournment:

The Chair declared the meeting adjourned at 8.55am until a place and time to be advised.

3 NOVEMBER 2009

The Committee members met at 11.10am at King Island Council Chambers, Currie, King Island.

Members Present :

Ms *Forrest*
Mr *Hall*
Mr *Harriss*
Ms *Ratray Wagner*

In Attendance:

Dr Colin Huntly
Mrs Mann

PUBLIC HEARINGS:

At 11.10am Ms Denise Brewer was called, made the Statutory Declaration and was examined.

The witness withdrew at 11.29am.

At 11.30am Mr Greg Morris, Mr Vernon Philby, Mr Noel Cooke and Mr Christopher Crouch, King Island Shipping Group **(35)**, were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 12.16pm.

At 12.16pm Ms Sarina Laidler, Secretary, King Island Multi Purpose Centre Advisory Committee **(32)** was called, made the Statutory Declaration and was examined.

The witness withdrew at 12.45pm.

At 12.51pm Mr Daryl Fanning **(4)** was called, made the Statutory Declaration and was examined.

The witness withdrew at 1.20pm.

At 1.24pm Ms Caroline Kininmonth, President and Mr Ken Chapman, Vice President, King Island Tourism **(7)** were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 1.54pm.

The Committee suspended at 1.55pm.

The Committee reconvened at 2.29pm.

At 2.30pm Mr Charles Arnold, Mayor, King Island Council **(16)**, Mr James Cooper, TFGA, Ms Jennifer Thorn and Mr Christopher Green, were called, made the Statutory Declaration and were examined.

Paper Tabled:

- Additional TFGA King Island Branch submission

The witnesses withdrew at 3.00pm.

Adjournment

The Committee adjourned at 3.15pm.

Next Meeting

9.30am on Wednesday 4 November 2009 at Flinders Island Council Chambers.

4 NOVEMBER 2009

The Committee met at 9.30am at the Council Chambers, Whitemark, Flinders Island.

Members Present :

Ms Forrest

Mr Hall

Mr Harriss

Ms Rattray Wagner

In Attendance:

Dr Colin Huntly

Mrs Mann

Minutes

The Minutes of the previous meetings held on 13 and 23 October 2009 were adopted.

Inwards Correspondence

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence be received –

- Letter dated 16/10/09 from Mr Colin Adams, Page Seager
- Email dated 25/10/09 from Mr David Grutzner Architect **(11)** with additional submission
- Email dated 28/10/09 from Mr James Hubbard, National Foods Ltd **(38)**
- Letter dated 28/10/09 from Hon Graeme Sturges MP, Minister for Infrastructure

Outwards Correspondence

The Committee considered the outward correspondence and resolved that the following correspondence be endorsed –

- Media release dated 7/10/09
- Letter dated 13/10/09 to Mr Norm McIlpatrick, Secretary, DIER
- Letter and attachments to Mr Colin Adams, Page Seager Lawyers, dated 13/10/0
- Media release dated 27/10/09
- Letter dated 29/10/09 to Hon Graeme Sturges MP, Minister for Infrastructure

The Committee **Resolved** to send letters of thanks to the King Island Council and the Flinders Council.

PUBLIC HEARINGS

At 10.00am Ms Margaret Wheatley was called, made the Statutory Declaration and was examined.

CD Tabled

- Alan and Margaret Wheatley, Killiecrankie Enterprises, Killiecrankie Bay Holidays

The witness withdrew at 10.20am.

The Committee **Resolved** to send a letter of thanks to Mr and Mrs Wheatley for the provision of the CD.

At 10.20am Mr Gavin Barnes was called, made the Statutory Declaration and was examined.

The witness withdrew at 10.32am.

At 10.36am Mr Ken Worsley, OBE, was called, made the Statutory Declaration and was examined.

The witness withdrew at 10.49am.

At 11.02am Mr Mark Pitchford, Southern Shipping Manager on Flinders Island **(36)** was called, made the Statutory Declaration and was examined.

The witness withdrew at 11.38am.

At 11.45am Ms Carol Cox, Mayor, Flinders Island and Mr Raoul Harper, General Manager Flinders Council **(24)** were called, made the Statutory Declaration and were examined.

Papers Tabled:

- Furneaux Group Aviation Special Committee – unconfirmed minutes
- ...

The witnesses withdrew at 12.41pm

At 12.42pm a **CONFIDENTIAL WITNESS** was called, made the Statutory Declaration and was examined.

The witness withdrew at 12.55pm.

The Chair ordered that the Gallery be cleared.

The Committee deliberated and **Resolved** to inform the witness that the Committee would seek advice about its legal obligations. The Committee further Resolved that the witness be advised that the Committee may be obliged to pass his in-camera evidence on to the relevant authorities.

The Gallery was readmitted at 1.06pm

The witness was recalled at 1.06pm, was so advised and was further examined.

The witness withdrew at 1.11pm.

At 1.12pm Mr Robin Walker was called, made the Statutory Declaration and was examined.

Paper Tabled:

- Submission

The witness withdrew at 1.30pm.

At 1.30pm Mr Terence Klug **(2)** was called, made the Statutory Declaration and was examined.

Paper Tabled:

- Supplementary submission

The witness withdrew at 2.01pm.

The Committee suspended at 2.02pm.

The Committee reconvened at 2.30pm and the Secretary was asked to Table the following paper

Paper Tabled

- Flinders Island Aviation Services (Mr Gordon Rorison)

At 2.30pm Mr Gerald Dilger, Mr Darren Grace and Mr Scott Wood, Roberts Livestock Flinders Island **(8)** were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 2.57pm

At 2.58pm Mr Roger Watson was called, made the Statutory Declaration and was examined.

The witness withdrew at 2.58pm.

Adjournment

At 3.00 pm the Committee adjourned *sine die*

Wednesday 18 November 2009

The Committee proceeded to business at 4.03pm in the Legislative Council Ante Chamber, Parliament House, Hobart.

Members Present :

Ms Forrest

Mr Hall

Mr Harriss

Ms Rattray Wagner

In Attendance:

Dr Colin Huntly

Mrs Mann

1. Minutes

The Minutes of previous meetings held on 1/10/09, 2/10/09, 3/11/09 and 4/11/09 were adopted.

2. Matter Arising from In Camera Evidence

The Committee **Resolved** to request the Secretary to draft a letter to the Clerk of the Council requesting his advice in this confidential matter.

3. Correspondence

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence be received –

- Email dated 4/11/09 from Mr D S Gray, Flinders Island - additional submission
- Email dated 4/11/09 from Michele Mathers, King Island – additional submission
- Faxed additional information from Mayor Charles Arnold dated 5/11/09
- **(Confidential)**

Standing Order 202 applies

Outwards Correspondence:

The Committee considered the outwards correspondence and **RESOLVED** that the following correspondence be endorsed –

- Thank you letters to the following:
 - Mr Alan and Mrs Margaret Wheatley
 - Mayor Charles Arnold, King Island
 - Mayor Carol Cox, Flinders Island
 - Ms Michele Mathers
 - Mr Dave Gray
- Emails to/from Secretary to Mr McIlpatrick dated 12, 13 & 16 November 2009
- Letter to Minister Sturges dated 16 November 2009

4. Future Program

The Committee **Resolved** to discuss a future program at a later time.

5. Next Meeting

The Committee adjourned *sine die*.

6. Adjournment:

The Chair declared the meeting adjourned at 4.21pm

Monday 25 January 2010

The Committee proceeded to business at 10.05 am by means of teleconference. The Secretary was present in his rooms at, Parliament House, Hobart.

Members Present (by telephone):

Ms Rattray Wagner (*Chair*)

Ms Forrest

Mr Hall

Mr Harriss

In Attendance:

Dr Colin Huntly

1. Developments Regarding Southern Shipping Pty Ltd

The Committee considered the recent announcements that Southern Shipping had been placed in Receivership by the Commonwealth Bank of Australia. The accounting firm of PKF Chartered Accountants in Melbourne were the Bank's nominated Receivers in this matter. This occurred pursuant to the fixed and floating charge granted to CBA by Southern Shipping on 17 June 2009 over its entire operations.

The Committee further considered statements made by the Minister and the fact that Mr Les Dick's shipping facilities were inoperative at the time of the emergency.

2. Public Hearing

It was Resolved to hold public hearings into these developments on Friday, 5 February 2010 at Parliament House in Hobart.

The Secretary was instructed to extend an invitation to the Minister for Infrastructure to attend on the day should he so desire, with the suggestion that he seek prior advice from the Clerk and Speaker of the House of

Assembly beforehand. The Minister should be requested to advise the Secretary if he will attend some time prior to the hearing.

The Secretary was instructed to extend an invitation to Mr Geoff Gabriel to attend on the day should he so desire. Mr Gabriel should be requested to advise the Secretary if he will attend some time prior to the hearing.

3. Summoning of witnesses

The Committee **Resolved** that Mr Norm McIlpatrick, Secretary for the Department of Infrastructure, Energy and Resources be summonsed to: attend on the Committee in person on Friday, 5 February 2010 to answer certain questions relating to the operation of the Deed Of Agreement Between the Transport Commission, Southern Shipping Co Pty Ltd and Mr Geoffrey Gabriel.

The Committee **Resolved** that Mr David Peters, Transport Commissioner in the Department of Infrastructure, Energy and Resources be summonsed to: attend on the Committee in person on Friday, 5 February 2010 to answer certain questions relating to the operation of the Deed Of Agreement Between the Transport Commission, Southern Shipping Co Pty Ltd and Mr Geoffrey Gabriel.

The Committee **Resolved** that Mr Altan Djenab, Joint Receiver of Southern Shipping and Partner, PKF Chartered Accountants in Melbourne be summonsed to: attend on the Committee in person on Friday, 5 February 2010 to answer certain questions relating to the operation of the Deed Of Agreement Between the Transport Commission, Southern Shipping Co Pty Ltd and Mr Geoffrey Gabriel. It was **Further Resolved** that Mr Djenab be advised that attendance via teleconference may be arranged in consultation with the Secretary to the Committee.

Pursuant to Standing Order 241, the Chair was instructed to execute the summonses to witnesses forthwith.

4. Invitations to attend

It was Resolved that invitations to attend on the Committee during the public hearing on Friday, 5 February 2010 be extended by the Secretary to the following persons:

- a. Mr Colin Finch, CEO; & Mr Gwyn Alway, Manager Vessel Standards and Survey
Marine and Safety Tasmania
- b. Mr Nathan Spicer, GM Business Development
TasPorts

5. Adjournment:

The Chair declared the meeting adjourned at 10.31 am

Friday 5 February 2010

The Committee proceeded to business at 9.05am in Committee Room 2, Parliament House, Hobart.

Members:

Ms Rattray (*Chair*)

Ms Forrest

Mr Hall

Mr Harriss

In Attendance:

Dr Colin Huntly

Ms Mann

1. Minutes

The Minutes of the previous meeting held on 25 January 2010 were adopted without amendment.

2. Correspondence

Inwards Correspondence

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence be received

- Letter of acknowledgment re summonsed documents dated 18 November 2009 from Minister Graeme Sturges
- Emails (2) from Michelle Philbey, Company Secretary, KI Ports Corporation Pty Ltd dated 24 November 2009 with attachments (photos of wharf berth and wharf hardstand)
- Email from Jennifer Thorn, Economic Development Officer, King island Council, with attached report *King Island Visitors Survey Annual Report June 08 – May 09*.
- Letter dated 10 December 2009 from Minister Graeme Sturges regarding the Agreement between the Transport Commission, Southern Shipping Co Pty Ltd and Mr Gabriel (*emailed to all members by the Secretary on 14/12/09*)
- Confidential
Standing Order 202 applies
- Letter dated 2 February 2009 from Mr Norm McIlpatrick together with final copy of the Report *Furneaux Shipping – Assessment of Arrangements for Tasmanian Government Support* (*emailed Finding and Conclusions to all members on 4/2/10*)

Outwards Correspondence:

The Committee considered the outwards correspondence and **RESOLVED** that the following correspondence be endorsed:

- Summons letters dated 29/1/2010 to:
 - Mr Norm McIlpatrick
 - Mr David Peters
 - Mr Altan Djenab
- Appointment letters dated 1/2/10 to:
 - Mr Norm McIlpatrick
 - Mr Altan Djenab
 - Mr Colin Finch
 - Mr Nathan Spicer

3. Other Business:

- a. The Committee **Resolved** to hear Mr Altan Djenab's evidence in public session until such time as Mr Djenab requests his evidence be given in-camera.
- b. The Committee **Resolved** to put on the public record which witnesses were summonsed to attend today's hearing.

4. Tabled document:

The Chair distributed an email with attachment from Mr Raoul Harper, General Manager, Flinders Council.

5. PUBLIC HEARING

At 9.16am Mr Colin Finch, Chief Executive Officer, and Mr Gwyn Alway, Manager Vessel Standards and Survey, Marine and Safety Tasmania were called, made the Statutory Declaration and were examined.

Question On Notice to MAST Officers as per Hansard record:

- MAST to provide the Committee with a summary of the dates and times on which MAST records indicate that the Southern Condor sailed without a certificate of survey and any other relevant infringements, actions taken etc"

The witnesses withdrew at 10.07am

At 10.08am Mr Nathan Spicer, GM Business Development, Tasmanian Ports Corporation Pty Ltd was called, made the Statutory Declaration and was examined.

- *TasPorts to provide the Committee with records of all official correspondence and other communication between TasPorts and Southern Shipping regarding their suspensions and notifications of breaches of their licence since 2006. Provide an indication of*

which events would have triggered discussions with or any form of notice to the Ministerial Office and the nature and content of those discussions?

- *TasPorts to provide details of its audit of facilities at Lady Barron port on Flinders Island, in particular the assessment of the ports serviceability and suitability to the needs of the Island.*
- *TasPorts to provide a copy of the lease deed and all relevant documents relating to the lease of the Shed at Lady Barron port to the present lessee.*
- *TasPorts to provide a copy of the licence agreement between FEA and TasPorts relating to access to TasPorts facilities at Lady Barron all relevant documents relating to the licence agreement.*

[Mr Hall left his place at 10.24am]

[Mr Hall resumed his place at 10.33am]

The witness withdrew at 10.45am

The Chair suspended Committee proceedings at 10.45am.

The Chair reconvened Committee proceedings in the presence of the public gallery at 11.04am.

6. PUBLIC HEARING continued:

At 11.05am Mr Altan Djenab, Joint Receiver of Southern Shipping Pty Ltd, was called, made the Statutory Declaration and was examined via telephone.

The Chair raised the issue of in camera evidence with the witness and **Resolved** to have in camera discussions if the witness so requested.

The witness withdrew at 11.40am.

At 11.44am Mr Norm McIlfratrick, Secretary, Department of Infrastructure, and Mr David Peters, Deputy Secretary and Commissioner of Transport, Energy and Resources were called, made the Statutory Declaration and were examined.

[Mr Hall left his place at 12.25pm]

[Mr Hall resumed his place at 12.30pm]

[Dr Huntly left his place at 12.42pm]

[Dr Huntly resumed his place at 12.44pm]

Questions Taken On Notice

- Mr McIlfratrick to provide details (including dates and copies of all relevant documents) of relevant inquiries made by the Department

for Infrastructure at the time at which the decision was made to alter the method of payment to Southern Shipping Pty Ltd to monthly arrears, of particular but not exhaustive interest to the Committee is any inquiry as to the solvency, or otherwise, of Southern Shipping.

- Mr McIlpatrick to provide details of any and all communication between the Receivers of Southern Shipping Pty Ltd (and or the relevant appointing financial institutions) and the Department relating to any requests for assistance in putting the Vessels of Southern Shipping back into service either immediately prior to, or following the crystallisation of the relevant floating charges of over those Vessels and the business of Southern Shipping.
- Mr McIlpatrick to advise if there is a requirement for the interim agreement between the Department and LD Shipping to be notified on the Departmental Website. If so, why was the non-operational deed with Southern Shipping the only related deed listed on the website as recently as 29 April 2010. Mr McIlpatrick to provide the committee with a copy of the deed between the Department and LD Shipping.

The witnesses withdrew at 1.06pm.

The Chair closed the Public Hearings for the day, suspended proceedings, and ordered that the public gallery be cleared.

The Committee proceeded to further business in Private session at 1.09pm.

The Committee **Resolved** to follow up with a written request to each witness for the additional information requested of them during the day's hearings.

Adjournment:

The Chair declared the meeting adjourned at 1.11pm *sine die*.

Monday 11 October 2010

The Committee proceeded to business at 12.30 pm in Committee Room 2, Parliament House, Hobart.

Members:

Ms Rattray (*Chair*)

Ms Forrest

Mr Hall

Mr Harriss

In Attendance:
Mr Tom Wise (Secretary)

Minutes

The Minutes of the previous meeting held on 5 February 2010 were adopted without amendment.

Correspondence

Inwards Correspondence:

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence as circulated be received:

- Email dated 5 February 2009 from Raoul Harper, General Manager, Flinders Council with attachment – *Flinders Island Council submission to DIER entitled Furneaux Shipping – Assessment of Arrangements for Tasmanian Government Support – dated 28/1/2010*
- Letter dated 10 February 2009 from Marine and Safety Tasmania
- Letter dated 3 March 2010 from TasPorts together with folder of additional information.
- Email from Charles Arnold to Ruth Forrest dated 9 May 2010 with attachment – *'Discussion Paper – King Island Ports Corporation'*

Outwards Correspondence:

The Committee considered the outwards correspondence and **RESOLVED** that the following correspondence as circulated be endorsed:

- Letter dated 9 August 2010 to Noel Cooke, KI Shipping Group
- Appointment confirmation letters dated 6 October 2010 to:
 - Mr Norm McIlpatrick, DIER
 - Mr Paul Weedon, CEO Tasports

Public Hearings

At 1.03 pm Mr Paul Weedon, Chief Executive Officer of TasPorts, was called, made the Statutory Declaration and was examined.

The witness withdrew at 1.54 pm

The Committee suspended at 1.55 pm.
The Committee resumed at 1.59 pm.

At 2.00 pm Mr Norm McIlpatrick and Mr David Peters, representing the Department of Infrastructure, Energy and Resources, were called, made the Statutory Declaration and were examined.

The witnesses withdrew at 2.53 pm

The Committee suspended at 2.55 pm.
The Committee resumed at 3.44 pm.

At 3.45 pm Mr Charles Arnold, Mayor of King Island, Mr Mark Goode, General Manager of King Island Council, Mr Vernon Philby, Chair of the King Island Shipping Committee, and Mr Greg Morris, community representative were called, via joint teleconference, made the statutory declaration and were examined.

At 4 pm Mr Hall took his place via teleconference.

The witnesses withdrew at 4.40 pm

Other Business

The Committee **RESOLVED** that a draft Report be prepared and circulated to Members for their consideration.

The Committee further **RESOLVED** that any initial amendments to the draft Report proposed by Members be incorporated into a revised draft for consideration at a meeting on a date to be fixed.

Adjournment

The Chair declared the meeting adjourned at 4.48 pm until a date to be fixed.

Monday 20 December 2010

The Committee proceeded to business at 10.30 am in Committee Room 3, Parliament House, Hobart.

Members:

Ms *Ratray (Chair)*)
Ms *Forrest*) *Phone conference*
Mr *Harriss*)

Apology:

Mr *Hall*

In Attendance:

Mr Tom Wise (Secretary)
Ms Jill Mann
Mr Nathan Fewkes

Previous Minutes

The Minutes of the meeting held on 11 October 2010 were adopted without amendment.

Correspondence

The Committee considered the inward correspondence and **RESOLVED** that the following correspondence as circulated be received:

- Letter and additional information dated 14th October 2010 from King Island Council (Ms Debbi Delaney, Executive Assistant)
- Email and additional information dated 18 October 2010 from Barbara McGregor, Manager Corporate Communications, Tasports
- Letter from David Peters, Deputy Secretary Infrastructure dated 7 December 2010 together with additional information requested at the hearing on 11 October 2010

Other Business

The Committee considered the draft Report.

The Committee **RESOLVED** that further amendments to the draft Report proposed by Members be incorporated into a revised draft for consideration at the next meeting.

Next Meeting

The Committee RESOLVED to meet again at a time and date to be fixed in the week beginning 10 January 2011.

Adjournment

The Chair declared the meeting adjourned at 11.50 am.

Wednesday 12 January 2011

The Committee proceeded to business at 10.04 am in Committee Room 3, Parliament House, Hobart.

Members:

Ms <i>Ratray</i> (<i>Chair</i>))	
Ms <i>Forrest</i>)	<i>Phone conference</i>
Mr <i>Harriss</i>)	

Apology:

Mr *Hall*

In Attendance:

Mr Tom Wise (Secretary)

Previous Minutes

The Minutes of the meeting held on 20 December 2010 were adopted without amendment.

Draft Report

The Committee considered the draft Report.

The Committee **RESOLVED** that a revised draft Report incorporating the agreed amendments be prepared as soon as possible and circulated for consideration by Members.

Next Meeting

The Committee **RESOLVED** to meet again at a time and date to be fixed in the week beginning 31 January 2011.

Adjournment

The meeting adjourned at 11.56 am.

Tuesday 1 February 2011

The Committee proceeded to business at 10.40 am in Committee Room 3, Parliament House, Hobart.

Members:

Ms <i>Ratray</i> (<i>Chair</i>))	
Ms <i>Forrest</i>)	by teleconference
Mr <i>Hall</i>)	
Mr <i>Harriss</i>		in Committee Room 3

In Attendance:

Mr Tom Wise (Secretary)
Mrs Jill Mann
Mr Nathan Fewkes

Previous Minutes

The Minutes of the meeting held on 12 January 2011 were adopted without amendment.

Draft Report

The Committee considered the draft Report.

The Committee **RESOLVED** that a final draft of the Report incorporating the agreed amendments be prepared as soon as possible for consideration by Members at the next meeting.

The Committee **RESOLVED** that the final Report be presented to the President on Friday, 25 February 2011 at a time and place to be arranged.

Next Meeting

The Committee **RESOLVED** to meet again by teleconference at 8.45 am on Tuesday 22 February 2011 to consider the final draft of the Report.

Adjournment

The meeting adjourned at 11.11 am.

Tuesday 22 February 2011

The Committee proceeded to business at 8.45 am in Committee Room 3, Parliament House, Hobart.

Members:

Ms *Ratray* (*Chair*))
Ms *Forrest*) by teleconference
Mr *Hall*)
Mr *Harriss*)

In Attendance:

Mr Tom Wise (Secretary)
Mrs Jill Mann
Mr Nathan Fewkes

Previous Minutes

The Minutes of the meeting held on 1 February 2011 were adopted without amendment.

Correspondence:

The Committee **RESOLVED** that the inwards correspondence as circulated be received.

The Committee **RESOLVED** that the Chair and the Secretary prepare a response to the letter dated 8 February 2011 from Mayor Carol Cox, of Flinders Council, and forward it together with a copy of the Report .

Draft Report:

The Committee considered the Draft Report and **RESOLVED** to adopt the Report as amended.

Presentation of Report:

The Committee **RESOLVED** that the Chair present the Final Report to Madam President in Launceston on Friday 25th February 2011 at 12.00 noon.

Media Release:

The Committee **RESOLVED** that the Secretary prepare a draft media release for the Chair's approval and issue following presentation of the Report.

Adjournment:

The Committee adjourned the meeting at 9.10 am and **RESOLVED** to adjourn *sine die*.

Appendix 5: Consultant Reports

- GHD/King Island Council/King Island Ports Corporation, 'Report for King Island Port Feasibility Study', December 2008
- Aurecon/Flinders Council, 'Flinders Island Shipping Needs Study', March 2010
- GHD/DIER, 'Furneaux Shipping: Final Report', January 2010
- DIER, 'Furneaux Islands Shipping Policy Statement', July 2010
- Productivity Commission, 'Tasmanian Freight Subsidy Arrangements', December 2006, no. 39